



**A STUDY OF RECRUITMENT PRACTICES IN  
PUBLIC SECTOR UNDERTAKINGS –  
A CASE STUDY OF BHEL (BHARAT HEAVY  
ELECTRICALS LIMITED), HARIDWAR**

**THESIS**

SUBMITTED FOR THE AWARD OF THE DEGREE OF

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IN

**COMMERCE**

By

**NAHID**

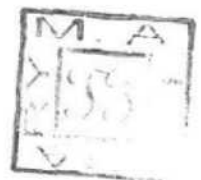
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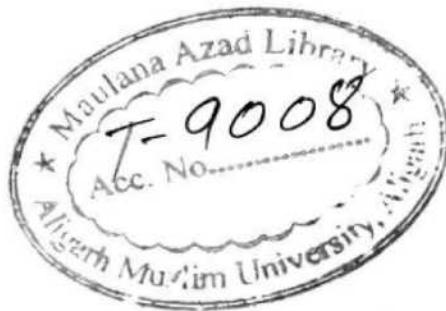
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## **CERTIFICATE**

This is to certify that **Miss. Nahid** has completed her thesis entitled "*A Study of Recruitment Practices in Public Sector Undertakings- A Case Study of BHEL (Bharat Heavy Electricals Limited), Haridwar*" under my supervision. To the best of my knowledge and belief, the work is of original nature and it is suitable for submission for the award of Ph.D. degree in Commerce at Aligarh Muslim University Aligarh, India.

  
**Dr. Nafees A. Khan**  
(Supervisor)

THESI

*Dedicated to*  
*My*  
*Parents*



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## Preface

Human beings are the most important assets of any organization. They can make or break the fortunes of a business. In today's highly competitive business environment, placing the right people in the right position is very critical for the success of any organization.

The recruitment and selection decision is of prime importance as it is the vehicle for obtaining the best possible person-to-job fit that will, contribute significantly towards the Company's effectiveness. It is also becoming increasingly important, as the Company evolves and changes, that new recruits show a willingness to learn, adaptability and ability to work as part of a team. The Recruitment & Selection procedure ensures that these criteria are addressed.

In this thesis I have studied Recruitment and Selection process of BHEL and NTPC have been studied and attempt have been made to provide some ways so as to make recruitment more effective and to reduce the cost of hiring an employee. My involvement in the project has been very challenging and has provided me a platform to leverage my potential in the most constructive way.

In the post-liberalization era, the Public Sector Undertakings is observing a continuous paradigm shift and there are numerous challenges in the future for this PSUs Units. As the process of integration of Indian economy with global economy proceeds, it holds the potential to unveil new facets of opportunities. The forecast for the Industry reveals that the traditional concepts are being reengineered and modernized to meet the demands of this second highest employment generating industry.

This has led to a substantial change and redefinition of the human resource management systems in the PSUs units all over the country. HR Professionals need to be more flexible than ever before to deal with this rapidly changing landscape where intercontinental forces play a key role. They need to work upon the traditional HR programs designed for stable and predictable environments, as they may become a hindrance in the contemporary volatile business scenario.

During this period I have studied deeply the process of hiring in BHEL and NTPC and did a SWOT analysis to find out the existing shortcomings and potential threats and thereby recommended suggestions.

This thesis however is an attempt to share as best as possible my experience in public sector undertakings with all my colleagues and my faculty

  
(Nahid)

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***"In the name of Allah, the most Gracious and the most Merciful"***

*Praise to "Allah" (SWT), Lord of the Universe, who gave me the blessings and strength to complete this task. Peace and Prayers to be upon His Final Prophet and Messenger "Muhammad" (SAW), the ideal role model for all human beings.*

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*I have no words to express my deep vote of thanks for my sisters Ms Anam Rauf , Ms Huma Khan, Ms Zeba Rauf, Ms Nargis Rehan, Ms Shahin Rizwan and Ms Afsha Khan, My brother, Mr. Samiullah khan, for their love, support and patience for hearing me all through..... thanks for being the most caring siblings and specially Mr. Arham Rizwan.*

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*Nahid*  
**NAHID**

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# LIST OF ABBREVIATIONS

ANOVA	Analysis of variance
AYCL	Andrew Yule & Co. Ltd.
B&R	Bridge & Roof Co.(I) Limited
BBUNL	Bharat Bhari Udyog Nigam Limited Holding Company
BHEL	Bharat Heavy Electricals limited
BHPS	British Household Panel Survey
BPC	Bharat Petroleum Corporation Limited
BPCL	<i>Bharat pumps &amp; Compressor Limited</i>
BPDB	Bangladesh Power Development Board
BPE	Bureau of Public Enterprises
BRIC	Brazil Russia India And China
BRPSE	Board for Reconstruction of Public Sector Enterprises
BSE	Bombay stock of exchange
BSNL	Bharat Sanchar Nigam limited
CCI	Cement Corporation of India Limited
CDM	Clean Development Mechanism
CEB	Ceylon Electricity Board
CENVAT	Central Value Added Tax
CMD	Chief managing director
CPSEs	Central Public Sector Enterprises
CRR	Counseling, Retraining and Redeployment Scheme
CSR	Corporate Social Responsibility
DPE	Department of Public Enterprises
DUs	Departmental Undertakings
E - Recruitment	Internet Recruitment
EGCB	Electricity Generation Company of Bangladesh Ltd.
EIPs	Environment Improvement Projects
ESP	Electrostatic precipitators
EU	European Union
FDI	Foreign direct investment
GDP	Gross Domestic Product

GPCL	Gujarat Power Corporation
HCL	Hindustan Cables Limited
HEC	Heavy Engineering Corporation
HEEP	The Heavy Electrical Equipment Plant
HR	Human resource
HPC	Hindustan Paper Corporation Limited
HPCL	Hindustan Petroleum Corporation Limited
HPF	Hindustan Photo Films Manufacturing Co. Limited
HRDI	Human Resource Development Institute
HRM	Human Resource Management
HRP	Human Resource Planning
HSL	Hindustan Salts Limited
ICPE	International Centre for Promotion of Enterprises
ILK	Instrumentation Limited, Kota
IOC	Indian Oil Corporation
IR	Industrial Relation
JVs	Joint Venture
KMO	Kaiser-Mayer-Olkin
LPG	Liberalization,Privatisation.Globlization
MoU	Memorandum of Understanding
MRTP Act,	Monopolies and Restrictive Trade Practices Act
MTNL	Mahanagar Telephone Nigam Limited
NAC	National Apprenticeship Certificate
NCMP	National common Minimum Programme
NCPS	National Capital Power Station
NEPA	National Environment Protection Authority
NMDC	National Mineral Development Corporation_
NPCIL	Nuclear Power Corporation of India Limited
NRIs	Non-Resident Indians
NTC	National Trade Certificate
NTPC	National Thermal Power Corporation
OCQ	Organizational Commitment Questionnaire
OEMs	original equipment manufacturers

PGCI	Power Grid Corporation of India Limited
PMA	Permanent Machinery of Arbitration
PSEs	Public Sector Enterprises
PSU s	Public Sector Undertakings
PE	Public Enterprises
R&C	Richardson and Cruddas Limited
REIL	Rajasthan Electronics & Instruments Limited
SAIL	Steel Authority of India
SCOPE	Standing Conference of Public Enterprises
SIL	Scooters India Limited
SLPEs	State Level Public Enterprises
SHRM	Strategic Human Resource Management
T Q M	Total Quality Management
TCIL	Tyre Corporation of India Ltd.
TSL	Triveni Structurals Limited
TSPL	Tungabhadra Steel Products Limited
VAT	Value Added Tax
WTO	World Trade Organization

# **Chapter – 1**

## **Recruitment- A Conceptual and Theoretical Framework**

- ❖ Introduction
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# **Chapter-1**

## **Recruitment- A Conceptual and Theoretical Framework**

### **Introduction**

In any form of organization Human Resource Management (HRM) plays a pivotal role in the success especially in highly professionalized contemporary era of globalization. HRM which comprises of a set of managerial activities like recruitment, selection, training, motivation and development of employees, satisfies personnel and organizational needs, goals and objectives. A good quality human resource with high skill, knowledge and abilities are recognized as a valuable asset of the organization that can help in gaining a competitive advantage over their challengers.

Companies know that they must recruit the best talent in order to achieve the best results and maintain the best chance for commercial success. Recruitment forms a core part of the central activities underlying HRM and is one of the fastest growing sectors in global business that are providing multitude of opportunities for ambitious and determined individuals.

The complexity of the human resource planning process varies with the size of the organization and 'the perception and status of the human resource function' within the organization. It has become an important part of overall strategic planning in different types of organization. Finding the right person to recruit is an intricate task and an erroneous judgment in relation to recruitment can cause a failure of the whole system. Recruitment as a planned rational activity comprise of certain sequentially-linked phases within a process of employee resourcing, which itself may be located within a wider HR management strategy.

In addition, by using four dimensions of human resource practices, including staffing, training, performance appraisal, and compensation, Youndt et al. (1996) indicate that an HR practices system is directly related to multiple dimensions of operational performance. Also, subsequent analysis reveals that manufacturing strategies moderate this main effect. In terms of financial performance, Delery and Doty (1996), drawing on three dominant modes of theorizing, identify seven key

“strategic human resource practices”, including career ladders, training, results-oriented appraisal, compensation, employment security, employee voice, and broadly defined jobs, and use them to develop theoretical arguments consistent with each of the three perspectives. The results demonstrate that each perspective can be used to structure theoretical arguments that explain significant levels of variation in financial performance. Mendelson and Pillai (1999) examine the impacts of the characteristics of “information age organization” and indicate that the relationship between these characteristics, including decentralization and incentives, information practices, and internal focus and inter-organizational networks, and business performance is stronger in industry segments that are more dynamic.

In addition, Collins and Clark (2003) explore the black box between “strategic human resource practices”, which include training, performance assessment, rewards, and firm performance from a field study with 73 high-tech firms. The results show those top managers' social networks mediate the relationship. Though prior research has paid attentions to the impacts of HR practices on organizational outcomes, few studies explore the impact of HR practices on knowledge management and on innovation performance. By taking an organizational learning perspective, Currie and Kerrin (2003) used case study approach to explore the influence of “strategic human resource practices”, including performance management, recruitment and selection, employee interaction, and career development, on enhancing knowledge sharing within a company. They suggest that HR practices can improve knowledge sharing in the firm with a functionally based organizational structure and culture.

In investigating the effects of “new human resource management practices” on innovation performance of firms in different sectors, Laursen and Foss (2003) categorize nine HRM variables, including interdisciplinary workgroups, quality circles, collection systems of employee proposals, planned job rotation, delegation of responsibility, integration of functions, performance-related pay, firm internal training, and firm external training, into two HRM systems. Their findings indicate that the innovation performance of four manufacturing sectors correlates with the first system while that of wholesale and ICT sectors is associated with the second system. This prior research term HR practices differently, such as strategic human resource practices, innovative work or human resource practices, new human resource practices, and characteristics of information age organizations.

In addition, the measurement of HR practices is in different ways in these prior studies for coping with their research purposes. This study purposely focuses on examining HR practices in BHEL and NTPC. This study considers those measures in the prior studies using the concepts of strategic and innovative HR practices as they are more germane to the arguments of the relationships involving HR practices, knowledge management, and innovation. Accordingly, this study adopts Six dimensions, including, role of the human resource department, recruitment policies, selection, advertising, short listing and job satisfaction in the construct of strategic human resource practices.

Human Resource Management refers to the management of human resource in the work organizations. It is an organization concerned with the procurement, motivation and development of human resources and maintaining harmonious relationship between the employer and the employees. It ensures a dynamic and controlled workforce for the successful achievement of missions and objectives in today's competitive business environment.

The Human Resource Management function includes a variety of activities, and key among them are deciding what staffing needs you have and whether to use independent contractors or hire employees to fill these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues, and ensuring your personnel and management practices conform to various regulations. Activities also include managing your approach to employee benefits and compensation, employee records and personnel policies (<http://www.training8m.com>).

HRM practices include recruitment and selection, training and development, pay and benefit practices and current HRM issues and trends. The HRM practices of both large and small firms helps in comprehending a more holistic view of people management in specific cultural and economic contents. A best practice in HRM has invoked a great deal of interest among HR professionals. Companies that are currently under-performing in the HR area can learn and adopt some of the best practices from organizations that have acquired some mastery over the good practices in Human Resource. In the era of liberalization, the competitive scenario in the business environment has changed a lot. Consequently, Human Resource Practices have also



changed phenomenally. The performance of the employees determines the failure or the success of an organization.

The management of Human Resources has now assumed strategic importance in the achievement of organizational growth and excellence. As globalization advances and we move into the information age, organizations need to adapt to the changes in technology and the changing issues in management of people.

Some critical issues have clearly emerged - planning, acquisition and development of human resources, responding to the demands of the work place and, above all, evolving a strategy of dealing with industrial conflict. As a management practice, it covers all the conventional areas of personnel management and industrial relations, as well as the relatively new areas such as communication, counseling, training and development, and job enrichment. An attempt has been made in this study to point out the experiences on the emerging issues in managing human resources. Likewise, a multi-dimensional recruitment strategy based on community center buy-in and support was successful and efficient (Keosaian et al., 2012).

### **Aspects of HRM**

- ❖ Human Resource Planning
- ❖ Recruitment
- ❖ Selection
- ❖ Placement
- ❖ Inductions
- ❖ Transfer & Planning
- ❖ Job Analysis
- ❖ Performance Appraisal
- ❖ HR Audit
- ❖ Total Quality Management
- ❖ Quality of Working Environment

## ❖ Quality Cycle

### **HRM in the Present Scenario**

- ❖ Low motivation or mounting frustration
- ❖ Promotions are consolations for transfers
- ❖ Cadre conflict
- ❖ Reward and punishment system
- ❖ Development of strong training system
- ❖ Career Development

### **Recruitment- An Introduction**

Recruitment means to estimate the available vacancies and to make suitable arrangements for their selection and appointment. Recruitment is understood as the process of searching for and obtaining applicants for the jobs, from among whom the

It is the process of finding and attracting capable applicants for the employment. The process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applicants from which new employees are selected. In this the available vacancies are given wide publicity and suitable candidates are encouraged to submit applications so as to have a pool of eligible candidates for scientific selection.

The recruitment practices have changed over the years. Internal source of recruitment means looking for suitable candidates from among the current employees in an organization. Job postings, Succession Planning, Employee Referrals, and Hiring Employees, Advertising, Employment Exchanges, Private Consultants, Temporary agencies, Alternative staffing, Executive recruiters or headhunters, Campus recruiting, Internet recruiting are some of the external sources of recruitment.

Human Resources share this commitment and work with the hiring supervisor to facilitate an efficient and effective process. With a pool of applicants, the next step is to select the best candidates for the job. This usually means whittling down the applicant pool by using the screening tools such as tests, assessment centers and

background & reference checks. The purpose of Selection process is to determine whether a candidate is suitable for employment in the organization or not. It becomes all the more important to scrutinize applications properly so that those who are found unsuitable at first instance should not be called for tests or interviews. This will save time and money of the enterprise as well as the candidates. Selection is this the process of choosing candidates for employment.

In recruitment, information is collected from interested candidates both through primary and secondary source. For this different source such as newspaper advertisement, employment exchanges, internal promotion, etc. are used. In the recruitment, a pool of eligible and interested candidates is created for selection of most suitable candidates. Recruitment represents the first contact that a company makes with potential employees (<http://www.mbaknol.com>).

### **Employer's Search: A Simple Theoretical Framework**

This section formalizes in a simple model the very intuitive idea that employers find it optimal to invest more in recruitment activities when hiring for highly productivity jobs. The starting point is a simple matching model in which firms with unfilled vacancies and workers need a job or want to change job look for each other. The presence of frictions in the labour market prevents them from meeting instantaneously and leads to positive rents associated with formed matches. For simplicity and clarity, the model is developed in partial equilibrium and formalised in discrete time.

The first departure from the standard matching model consists in the introduction of heterogeneity in the market, a crucial ingredient to make recruitment play a meaningful role. Jobs differ along observable and unobservable (to the worker) characteristics. Observationally, jobs differ in the tasks they involve, i.e. the occupational group: managers, secretaries, salesmen, assembly workers, etc. These occupations differ in their level of productivity, higher for managers, lower for assembly workers. Within each of these occupations, jobs differ along some characteristics that are unobservable to the jobseekers, i.e. the work environment, the specific organisation of work within the firm, the importance of skills like leadership and motivation, etc. Workers also differ along both observable and unobservable (to

the firm) characteristics. Their observables allow employers to identify potential candidates for each occupational category but their unobservable determine whether they will match with the unobservable characteristics of the job. Thus, observationally identical workers could be either suitable or unsuitable for the specific job offered. Let us make the simplifying assumption that a job filled with a suitable worker is productive, i.e. produces, but it becomes totally unproductive with an unsuitable worker. The type of the match, productive or unproductive, is unknown to both the worker and the firm until production takes place and output can be observed (Pellizzari, 2005).

Also prolonged or inefficient recruitment can have adverse scientific, economic and ethical consequence. Failure to achieve the target sample size can lead to a reduction in the statistical power of a study. An underpowered study may report clinically important effects to be statistically non-significant and result in delay or non-implementation of a clinically effective intervention and delay in identification of non-effective interventions. Prolonged recruitment results in increased time or cost extensions and may result in premature termination of trials. Studies that terminate prematurely or fail to reach adequate statistical power raise 'ethical' concerns as realists have exposed the participants to an intervention with uncertain benefit and may still be unable to determine whether the intervention does more harm than good at trial completion (Kaur et al., 2012).

## **Trends in Recruitment**

Recruitment is increasingly becoming a two-way process, as a result of both employers and employees having higher expectations from one another. The first trend is using the resume database for recruitment; the other trend gaining prominence is the recruitment of key personnel from competitors, which is called "poaching". Therefore, the global developments in management reveal the strategic IIRM is becoming the single largest area of management consultancy, which speaks of its criticality in business success. It should be understood that IIRM strategy is not just interventions oriented at employee's welfare and empowerment. It also has aspects of cost control and interface discipline

The Human Resource department played a key role in facilitating performance culture. It was decided that the performance appraisal system for the employees should be kept simple. The greatest challenge of Human Resource professionals is meeting their customer expectation and adding value to the business. The best utilization of people processes and technology ensures high quality of Human Resource source at under cost, on time and thus ensuing customer satisfaction. The Human Resource manager has the task of being on a constant look-out for the right choice of employees, fine-tuning the job mix and compensation package to benefit the individual and the organization, devising a flat organization structure and organizing training programmes for continuing the education at different levels in the organization (Pirakatheeswari, 2009).

## **Recruitment Process**

The stages of the recruitment process include: job analysis and developing a person specification; the sourcing of candidates by networking, advertizing, or other search methods; matching candidates to job requirements and screening individuals using testing (skills or personality assessment); assessment of candidates' motivations and their fit with organizational requirements by interviewing and other assessment techniques.

Depending on the size and culture of the organization recruitment may be undertaken in-house by managers, human resource generalists and or recruitment specialists. Alternatively parts of all of the process might be undertaken by either public sector employment agencies, or commercial recruitment agencies, or specialist search consultancies (<http://en.wikipedia.org>).The following figure outlines the important steps involved in the recruitment process. These steps are briefly described in the following chart:

### **1. Form Selection Committee**

Selection committees generally consist of a minimum of two members but not more than four persons, including the chairperson. Members of a selection committee should be chosen on the basis of their objectivity, professionalism and ability to exercise good judgment in selecting the most suitable person for the job vacancy.

Members of selection committees should not have a bias in favor of one candidate prior to the start of the selection process. There should be no change in the members of a selection committee once it has been convened, except it may be reduced in size if there is genuine emergency or illness. Selection committee members are responsible for:

- ❖ Determining an appropriate method of assessing applicants that will be free from bias, transparent and stand up to scrutiny.
- ❖ Conducting the interview or screening process.
- ❖ Ensuring candidates are selected on the basis of merit.
- ❖ Ensuring that selection documentation remains confidential.

## **2. Review Position Description**

Before advertising the job vacancy, members of the selection panel should review the position description for the job. If there is not a position description available, one must be prepared before the selection process can continue. The purpose of reviewing the position description is so that members of selection committee can:

- ❖ Familiarize themselves with the objectives and duties of the job
- ❖ Review the selection criteria, if stated in the position description, or formulate selection criteria if not
- ❖ Ensure that applicants for the job are well informed about the nature of the job on offer
- ❖ Review the condition of employment (pay, hours of work, leave, superannuation, etc)

## **3. Advertisement**

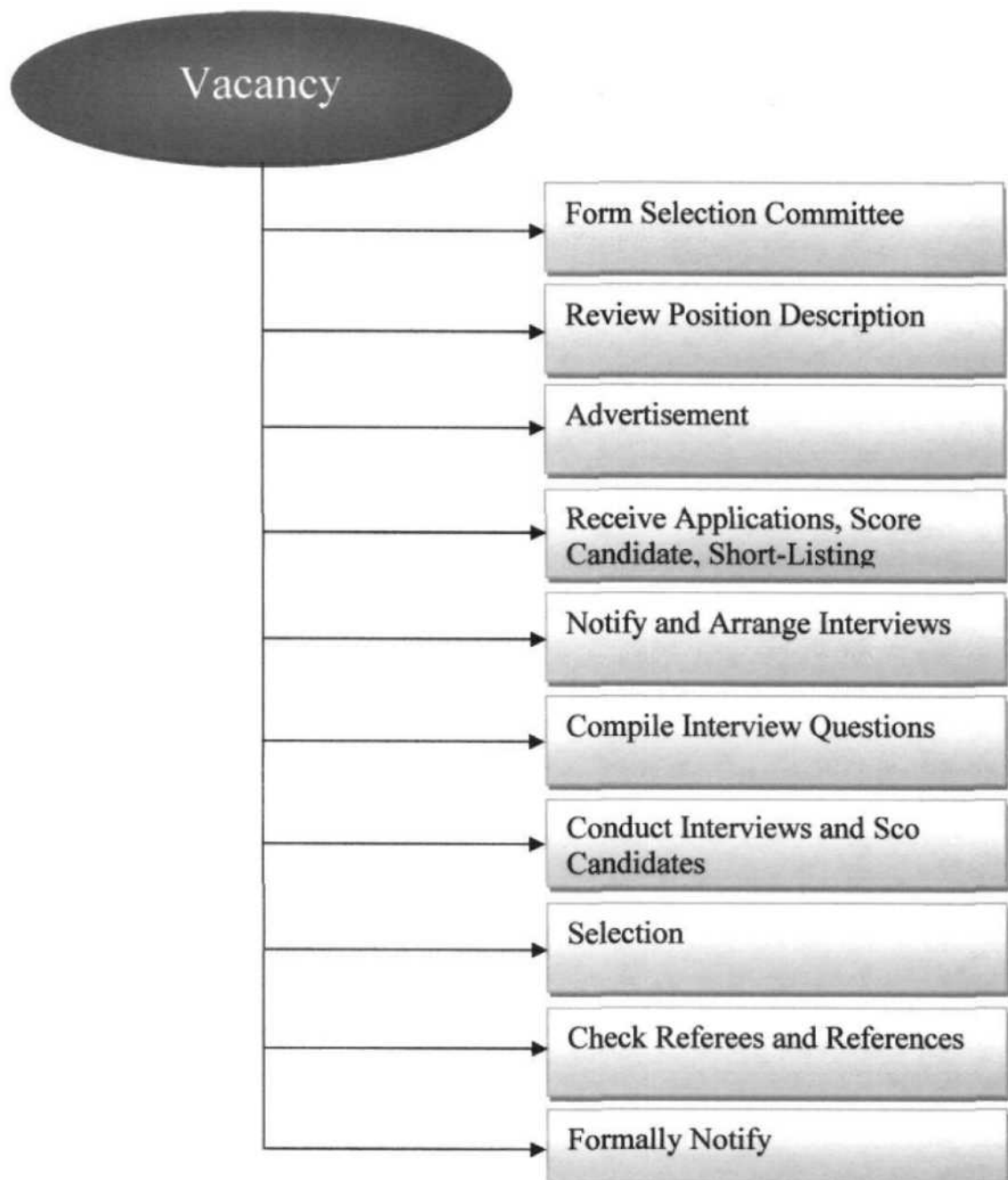
A job vacancy may be advertised in a variety of ways including:

1. Employment section of newspapers
2. Notifying a recruitment agency
3. Employment websites such as seek

4. organization's own newsletters
5. organization's own website
6. Calling a vocational education and training institution
7. Putting notice in local shop windows
8. Putting notice in own shop or office window
9. Community radio announcement

There should always be a position description for applicants to review. This principle should also extend to voluntary positions.

**Chart (1.1) – Chart Showing the Process of Recruitment**



#### **4. Receive Applications**

Applications for employment must be treated with considerable diligence and respect. Failure to appropriately handle applications for a job can severely jeopardize someone's employment potential, and thereby cause annoyance, distress, financial hardship and career prospects. Employment applications should be acknowledged as soon as possible, and filed in appropriate place to ensure none are missed.

The chairperson of the selection committee should review all incoming applications and attempt to determine a short list of candidates. If the number of incoming applications is very large, it may be necessary for the chairperson of the selection committee to obtain assistance from other staff. In determining a short list, the chairperson of the selection committee should eliminate all candidates who have not provided all the necessary information, especially statements in reply to key selection criteria.

The next elimination should be those candidates whose skills, abilities and experience are insufficient to score well against the key selection criteria. These eliminations can be carried out reasonably quickly. The remaining applications will all warrant a closer examination and awarding of points for each key selection criteria. Then specified number of candidates with the highest points are selected for the short list depending on the purpose, available time and resource of the interview.

#### **5. Arrange Interviews**

Each candidate should be personally notified by telephone. It is unadvisable to notify by email, as an email sent is not necessarily an email received. Notification by letter is better than email but not as good as telephoning. The notification should contain:

- ❖ Start time of interview
- ❖ Name of the chairperson of the interview panel
- ❖ Contact details of the chairperson of the interview panel
- ❖ Job title of the vacant position
- ❖ Address of the venue for the interview



- ❖ Advice on the format and duration of the interview
- ❖ Advice on the number of panelists

Interviews are arranged according to the convenience of candidates and interviewers. The chairperson of the interview panel should endeavor to find a convenient time and date for the interviewee but this is not always possible. It is generally not feasible to call the interview panel together for more than one day.

## **6. Compile Interview Questions**

Interview questions must relate to the key selection criteria. Questions must be open ended and well-worded so as to cause the "interviewee" to describe their relevant work history and/or portray their knowledge. One question may take the form of a "hypothetical". The purpose of such a question is to test the candidate "what would they do" in a certain situation. The "hypothetical" question adds significant pressure, and it evaluates the level of knowledge, experience and work-readiness of the candidate.

Generally there is only a need to formulate one question per key selection criteria. However, the interviewers should have a supplementary question ready to go if the candidate struggles to understand the question, or simply does not provide enough information. The supplementary question gives the candidate a second bite to divulge more information.

## **7. Select Successful Candidate**

'Selection on merit' is a process of determining which job seeker has the skills, abilities and knowledge deemed to be most suitable for the job. In a merit based system, applicants effectively compete for a job. The written application, the selection interview and any testing of applicants is all part of the competition process.

If the selection process is said to be "Closed Merit", a vacant position will be advertised only within the organization. Only applicants from within the organization will be able to compete for the vacant position. If the selection process is "Open Merit" then the vacant position is advertised widely by whatever means deemed to be

suitable to attract a pool of applicants from outside the organization. Generally, in an open merit selection process, vacant positions are advertised in the jobs section of a newspaper.

If jobs are awarded to individuals on the basis of friendship or relationship, then the selection process is not Merit Based. Similarly, if a position is awarded on seniority or plain proximity of an individual then the selection process is also not merit based.

It is essential to follow through with checking the applicant's referees. Although referees may not make negative comments about the applicant, much can be gleaned from what they say (or do not say). Although referees have agreed to be called and questioned about the applicant, it would not be proper to keep them on the phone for more than five minutes unless the position is very senior. Therefore make sure you prepare your questions in advance of the telephone call.

## **8. Formally Notify**

Now, there is need to formally notify the successful and unsuccessful candidates as soon as possible. The successful candidate may already have undertaken other interviews and may receive other job offers. Furthermore, it is an important courtesy to formally notify unsuccessful candidates to enable them to carry on with the rest of their life.

## **Main Recruitment Process Steps**

The recruitment process is very complex and the description of the recruitment process can be extremely detailed, but the recruitment process can be divided into several main recruitment process steps which can easily show the customers of the recruitment process the necessary inputs and outputs. For the proper setting of the recruitment process it is not necessary to describe each detail of the recruitment process. The measurement of the recruitment process can be implemented later as you need to bring recruitment process optimization. It is not necessary to define the recruitment measures from the beginning and the design of the recruitment

process does not have to be detailed. The recruitment process can be divided into several main recruitment process steps:

- ❖ Job Opening
- ❖ Recruitment Source Selection
- ❖ Job Interview
- ❖ Job Offer

The job opening is one of the most critical and most important steps in the recruitment process. The job opening is about a clear and simple definition of the job vacancy and the skills and competencies to be found on the internal or external job market. The job opening is not just about a job title, but it needs a lot of attention of the manager and HR to fill the job vacancy right.

The recruitment source selection is based on the description of the job vacancy and the HR Recruiter has to select the best recruitment channel to advertise the job vacancy to attract the best job candidates suitable for the job vacancy. Or the right job applicants to be exact.

The job offer is the nice recruitment process step as the HR Recruiter and the manager select the winning job candidate and they have to prepare a nice job offer, which should be accepted by the job candidate (<http://yourhrmguide.com>).

### **Importance of Recruitment process**

High performing staff is essential if an organization is to deliver outstanding services to vulnerable people. Other sectors seem to offer more to staff be it in terms of payment, succession opportunities, and effective support for frontline workers, job security or just showing staff that they are valued.

Recruitment is the process of identifying that the organization needs to employ someone up to the point at which application forms for the post have arrived at the organization. Recruitment is crucial to organizational performance. It is a critical activity, not just for the HR team but also for line managers who are increasingly involved in the selection process. All those involved in recruitment activities should be aware of relevant legislation. Recruitment is almost central to any management process and failure in recruitment can create difficulties for any company including an

adverse effect on its profitability and inappropriate levels of staffing or skills. Inadequate recruitment can lead to labor shortages, or problems in management decision making and the recruitment process could itself be improved by following management theories (<http://www.ask.com/>).

Each organization needs the members to be in the organization. The recruitment process is the main process to bring new members to the organization. Each Human Resources Department has some kind of the support for this.

The recruitment process involves many steps and optimizations. It includes quite heavy HR Marketing as the organization can attract enough job candidates from the external job market.

Even a small company needs its recruitment process, including job offers posted on the entrance door. The owner has to have the recruitment strategy and the vision how to attract new potential employees. The bigger the organization the more formalized recruitment process it needs (<http://yourhrmguide.com>).

## **Effective Recruitment Process**

In today's scenario quality candidate are in great demand and there are a plethora of opportunities available to them. At this stage the challenge for organizations will be to build a bond with the right candidate in the Pre- hiring stage so that it will not be long before he gets picked up by a good firm. As such the HR, manager should give a timely feedback to the candidate during the entire pre-joining process and make efforts to answer all their queries that need to be cleared. Moreover a common characteristics in the Indian Companies, especially in the sector, is that it totally reject a candidate hailing from non-technical background for technical position. However, it has been observed that many people from non-technical background have performed better .Corporate need to have a strong "training and development "wing in place to recruit non-technical candidates.

The Indian companies are utilizing all opportunities to figure internationally today and thus there is a ready pool of talent waiting to be absorbed. Companies are likely to make a paradigm shift in their existing hiring strategies as the traditional hiring strategies may not suffice in this dynamic business environment. Express say the hiring talent in is selection oriented whereas in India it is rejection –oriented.

It has been observed that multinational likes Microsoft do not disqualify potential candidates on qualification grounds. However; many Indian companies do not have this open policy and accommodative approach (Kumar, 2008).

### **Change in the Patterns**

The growth of permanent staff placements is at its fastest since July 2007, according to KPMG (2010), however, despite signs that the economy is picking up, businesses are still under pressure to keep operating costs low. This has prompted many HR departments to start using social networking as part of a new cost-conscious approach to recruitment (also known as social recruitment). Social networking websites function like an online community of internet users. Popular online sites include LinkedIn, Twitter and Facebook. They are growing at an exponential rate, with most of the sites being free to join and, importantly, giving organizations an effective means of attracting today's Generation Y workforce.

Since the arrival of social networking sites many businesses have treated them with suspicion and often made it the responsibility of the HR department to police their use internally. However, the tide has turned and organizations are now embracing social networking with open arms as a way to attract and retain employees. This has led to a lot of organizations now creating online presences on the likes of *LinkedIn*, *Twitter* and *Facebook*, in order to engage with candidates and give them the opportunity to interact with them on a more informal basis. Others are creating career micro sites to allow them to start discussion forums to attract candidates and encourage them to look at potential vacancies and apply.

According to a report at the end of 2009 from Gartner, recruitment is an ideal starting point for social media usage in HR because key metrics, such as time to hire and cost of hire, can be measured and improvement can be substantiated (Otter, 2009). In addition, as the workforce ages, businesses need to get more competitive in order to attract and retain the new generation of young, enthusiastic workers.

This is because they make the organization's brand stand out from the crowd by showing that it is staying relevant and embracing change as technology and ways of communicating evolve (Richard, 2010).

### **The following Shows the Effective Recruitment Processes:**

#### **❖ Job analysis**

The starting point to a recruitment effort is to perform a job analysis and/or in some cases a task analysis, to document the actual or intended requirements of the job. From these the relevant information is captured in such documents as job descriptions and job specifications. Often a company will already have job descriptions that represent a historical collection of tasks performed. Where already drawn up, these documents need to be reviewed or updated to reflect present day requirements. Prior to initiating the recruitment stages a person specification should be finalized to provide the recruiters commissioned with the requirements and objectives of the project.

#### **❖ Sourcing**

Sourcing is the use of one or more strategies to attract or identify candidates to fill job vacancies. It may involve internal and/or external advertising, using appropriate media, such as local or national newspapers, specialist recruitment media, professional publications, window advertisements, job centre, or in a variety of ways via the internet. Alternatively, employers may use recruitment consultancies to find otherwise scarce candidates who may be content in their current positions and are not actively looking to move companies may be proactively identified. This initial research for so-called passive candidates, also called name generation, results in contact information of potential candidates who can then be contacted discreetly to be screened and approached.

Suitability for a job is typically assessed by looking for relevant skills, knowledge, aptitude, qualification and educational or job related experience. These can be determined via: screening resumes, job applications; interviews. More proactive identification methods include psychological, aptitude, numeracy and literacy testing the testimony of references. Many recruiters and agencies use

applicant tracking system to perform the filtering process, along with software tools for psychometric testing. In many countries, employers are legally mandated to ensure their screening and selection processes meet equal opportunity and ethical standards.

In addition to the above selection assessment criteria, employers are likely to recognize the value of candidates who also have the so-called 'soft skills', such as interpersonal or team leadership and have the ability to reinforce the company brand through their behavior in front of customers and suppliers. Multinational organizations and those that recruit from a range of nationalities are also concerned candidates will fit into the prevailing company 'culture'.

### ❖ Lateral Hiring

"Lateral hiring" refers to a form of recruiting; the term is used with two different, almost opposite meanings. In one meaning, the hiring organization targets employees of another, similar organization, possibly luring them with a better salary and the promise of better career opportunities. An example is the recruiting of a partner of a law firm by another law firm. The new lateral hire then has specific applicable expertise and can make a running start in the new job. In some professional branches such lateral hiring was traditionally frowned upon, but the practice has become increasingly more common. An employee's contract may have a non-compete clause preventing such lateral hiring.

In another meaning, a lateral hire is a newly hired employee who has no prior specific applicable expertise for the new job, and for whom this job move is a radical change of career. An example is the recruiting of a university professor to become chairman of the board of a company.

### ❖ On Boarding

"Onboarding" is a term which describes the process of helping new employees become productive members of an organization. A well-planned introduction helps new employees become fully operational quickly and is often integrated with a new company and environment. Onboarding is included in the recruitment process for retention purposes. Many companies have onboarding campaigns in hopes to retain top talent that is new to the company; campaigns may last anywhere from one week to six months.



## Recruitment Approaches

There are a variety of recruitment approaches and most organizations will utilize a combination of two or more of these as part of a recruitment exercise or to deliver their overall recruitment strategy. The five basic models more commonly found are:-

- ❖ An in-house personnel or human resources function may in some case still conduct all stages of the recruitment process. In the smallest organizations recruitment may be left to individual managers. More frequently whilst managing the overall recruitment exercise and the decision-making at the final stages of the selection process external service providers may undertake the more specialized aspects of the recruitment process.
- ❖ Outsourcing of recruitment to an external provider may be the solution for some small businesses and at the other extreme very large organizations
- ❖ Employment agencies are established as both publicly-funded services and as commercial private sector operations. Services may support permanent, temporary, or casual worker recruitment. They may be generic agencies that deal with providing unskilled workers through to highly-skilled managerial or technical staff or so-called niche agencies that specialize in a particular industrial sector or professional group.
- ❖ Executive searches firms for executive and professional positions. These firms operate across a range of models such as contingency or retained approaches and also hybrid models where advertising is also used to ensure a flow of candidates alongside relying on networking as their main source of candidates.
- ❖ Internet recruitment services including recruitment websites and job search engines used to gather as many candidates as possible by advertising a position over a wide geographic area. In addition social network sourced recruitment has emerged as a major method of sourcing candidates (<http://en.wikipedia.org>).

## E- Recruitment

E-Recruitment is the latest trend in the recruitment process. Also known as “online recruitment”, it is the use of technology or the web-based tools to assist the



recruitment process. Online recruitment has an edge over conventional modes of recruitment .It makes life much simpler and cheaper for today's recruiter. It also reduces the average time spent by a recruiter in sourcing a suitable candidate.

## **E-Recruitment Sector**

E-Recruitment or electronic recruitment is insulated from the 'market shocks'. Liberalization, Privatization and Globalization (LPG) and an increasing Internet penetration have all fuelled the growth of this sector.

Recruitment involves contracting prospective candidates, sourcing references through them and so on. Application received in response to advertisement in newspapers was actually a nightmare for a recruiter. Sorting out the paper resumes and picking the right resume was really a difficult task. Moreover after the advent of e-recruitment, the online medium provides many tools that can be used for screening the resumes. Some portals provides end to end recruitment solutions. End to End implies sourcing, screening, short listing, scheduling interviews and zeroing in on the right candidate.

The decade-old online recruitment industry in India seems to be flooded with different jobsites, each of them promising better job to candidates and better candidates to employers. The Indian market for e-recruitment is still lagging behind by at least five years in comparison to its western counterparts. Online recruitment is almost neck-to-neck with other recruiting channels (Baliga, 2008).

## **Benefits to Candidates:**

The candidates also benefit, as the streamlined procedures mean they spend less time moving around the site from test to test. The serious attention given to their applications is obvious and, in consequence, they report feeling more valued. When a company canvasses candidates during recent assessment centres for feedback on the graduate application process, most of them reported being "really impressed" and particularly praised the amount of preliminary testing conducted in advance.

In short, organizations are in no doubt about how it has benefited from implementing the hiring management system and is already planning on expanding its use into other areas of recruitment. This will include external recruitment, where the

company anticipates that major part of the permanent staff hires will be conducted using e-recruitment. During the coming years, the companies also intend to apply the processes and system to internal recruitment, using them to maximize its leverage of the existing talent pool (Leftley, 2007).

### **Diversity in the Patterns of Recruitment**

Increasing diversity whilst recruiting has been one of the hot topics in the employment marketplace for the last couple of years. The debate has often been driven by the public sector which has been the source of much best practice, whilst in the corporate sector, legal compliance has been the primary driver behind most diversity recruiting.

The introduction of The Employment Equality Regulations, 2003 has made it illegal to discriminate or harass in the workplace on the grounds of sexual orientation, religion and beliefs. However, the threat of being sued should not be the backbone of your diversity policy. Economics and commercial advantage provide solid foundations for most corporate initiatives and the business case for increasing diversity via recruitment should be no different. Outlined below is a plan for developing an effective diversity recruiting strategy:

#### **1. Know your Market**

In order to effectively recruit from minority groups, it is important to understand your available talent market. Use internal resources to help you get to know your market place. Market research, marketing and sales departments, and corporate communications functions tend to be a rich source of information in relation to the diversity of your customer base. Learn from your sales and marketing team who, given the commercial benefit, will have developed a sophisticated strategy for attracting and retaining diverse customers.

#### **2. Build the Business Case**

For the success of any diversity recruitment programme is to win the hearts and minds of those it will most closely impact – hiring managers. A sound commercial justification for recruiting for diversity is crucial. The diversity issue is now widely recognised in the marketplace and organisations as varied as Ford, BT,

the Police and JP Morgan have all appointed senior executives as diversity directors. Most companies appreciate that there is a commercial benefit to be gained by widening the candidate search to include diverse groups.

### **3. Channels to Market**

The key to success in diversity recruitment is to widen the pool of recruits that you are targeting, and to have an effective strategy to reach your target audience. The most important aspect of recruitment from a consumer's or customer's point of view is that the best people are recruited to do the job. Employees are the backbone to an organisation's competitive advantage, and if the organisation does not target mature workers, or women, or ethnic minority communities, for example, then it is a failure to use the widest talent pool available to find the best employees.

### **4. Reward Greater Diversity Recruiting**

Traditional measures of success in the recruiting area are cost and time of hiring. Most firms refuse to give recruitment agencies extra incentives for identifying diversity candidates or for successfully recruiting diverse individuals. Really successful companies in this field also ensure hiring managers are rewarded for great diversity recruiting. A significant portion of all individual hiring managers' pay between 5 and 10 per cent should be based on diversity recruiting and retention results. In addition, senior management should have their pay based on producing results. In the challenging world of investment banking, Morgan Stanley has implemented such a strategy and its impact has been enormous on the diversity of its workforce – even in the traditionally white male-dominated environment of the trading floor.

### **5. An ongoing Focus**

Recruiting for diversity cannot simply be perceived as successful, once new diverse employees have joined the organisation. Equally important is the integration and retention of a diverse workforce. Organisations need to invest time in understanding these employees' personal drivers and motivators, which may vary significantly from existing staff (Tipper, 2004).

## **The Impact of Recession on Recruitment.**

The statistics of the world economic meltdown has started to become so become so well-known as to become clichéd. The impact of the recession is now beginning to penetrate more and more aspect of the economy in more and more countries almost everyone, everywhere is affected. In particular, the mobility of executives between jobs in different companies in different sectors in different countries and regions has noticeably slowed (<http://www.iupindia.in>).

In examining the impact of the current economic meltdown on recruiting between organizations, a cross –section of companies, of recruitment firms and of job candidates across many locations have been consulted.

As a general, the human resource function of most organization reflects the decisions of senior management further down the line. Resistance, conservatism, a wait and see attitude, putting, everything on hold and making only short term decision soon impacts the HR department. The latest policy on hiring practices can be first area to be affected. There are number of possibilities here- companies are simply not doing any, or they have put recruitment projects on hold for the short, medium or long-term or they are letting people go.

British Telecom is not doing much hiring, but the main issue is the laying off of staff which British Telecom is most reluctant to do, so contractors are the first to go. The 'no Redundancy policy' at BT means putting 'spare' Bt people into jobs previously outsourced .As a result a substantial proportion of the 10000 jobs losses at British Telecom are of contractors not core BT staff. The skills needed for global workforce are currently being reviewed, so there are positive efforts going on in terms of HR initiatives. Meanwhile, Apprenticeships at British Telecom are increasing number due to more Government spending in this area.

Also confirming the cut down on hiring trend a recent blog discussed how Google has dismissed 100 internal recruiters cancelled all external hiring contracts and was thought to have terminated all external vendors. Google is still hiring but at a reduced rate. Given the state of economy, we recognized that we need fewer people focused on hiring.

The first step to address this was to wind down almost all our contracts with external contractors and vendors providing recruiting service to Google. However, after much consideration the great regret decided that we need to go further and reduce the overall size of our recruiting organization by approximately 100 positions. They helped build this company new hire by new hire.

Many head-hunters advice that this could be a very good time to recruit excellent people unexpectedly on the market and some companies are taking advantages of this, especially those weathering storm and claiming survivors from recession victims. Companies across the board are taking stock of talent and considering the skill needed for the future.

British Telecom for example, has seen few salary rises. Bonuses are related only and thus are not pensionable. The final salary calculation of employees on the original pension scheme is now changing from the highest in the last three years to the career average, as a basis for the calculation. This may well have the effect of reducing the company's pension bill

Some emerging markets worldwide offering reduced operating costs for multinational are benefiting from the impact of the recession on high cost location. The survey based on the US, suggested that 61% of employers expect their financial performance to remain poor till the end of 2009, and they are responding accordingly. Their employees, glad to still have a job, are taking the cut backs on the chin.

Recruitment firms are often seen as indicative of the state of the economy as a whole. As one of the first executive search consultants in the central and eastern European region from the early 1990s has watched the region expand out in Western Europe would seem to be a source of opportunity further east.

Meanwhile the largest international search firms are finding the going tougher with declining operating income, net revenue and margins. Meanwhile the only thing going up is the number of resumes from potential candidates anxious to play the field even if still in employment.

Business start-ups are on the increase and entrepreneurs will see the opportunities whatever the economic climate. Some executives found that their moonlighting activity in setting up their own small businesses on the side whilst

working has paid off especially when they received their pink slips or redundancy notices.

Education is still a growth sector. Executive search assignment to find talent in this area are still growing and are least affected of all industry sectors by the recession. Headhunters do not recommend gaining qualification focused on the financial services sector right. But qualifications are not everything and sometimes can be negatively perceived by employers.

As executive survey in February 2009 by international executive search firm Korn Ferry presents an optimistic picture of a recovery in the labor market during 2009-2010, with more than half of jobs seekers confident of finding a new job this year. Over the next five years, an overall upswing in hiring greater than the previous five year could be on the cards, so looking back the 'economic meltdown' may just be a blip on the company hiring plan. Even if it is more of a trough than a blip, the consensus of opinion is that it will return to former levels and may well exceed them (Jones, 2009).

## **Recruitment Overview**

As the recruitment is not just about job interview, but it can be quite complex and sophisticated HR Process, it needs a lot of attention of Human Resources. Human Resources are usually evaluated by managers on the basis of the speed of the recruitment process and the quality of the job candidates. The managers take this process as a basis provided by HR to them. They do not care about the conditions on the job market: they just want the recruitment process to work and to deliver the job candidates to their job vacancies. The recruitment process is very complex and the HR Recruiters have to cover a lot of issues as this is not just about external job candidates, but the recruitment process has to be used to staff the job positions internally (<http://yourhrmguide.com>).

## **Indian PSU's –Some Facts**

There is no universally accepted definition of Public Sector Undertakings owing to variation in concept and scope from country to country. Public Sector Undertaking is an activity of a business character, managed and owned, 51 percent or

more by the Government Central State or local providing goods or services for a price. Public Sector means a sector of an economy, which is owned financed, controlled and monitored by the government as a part of responsibility to ensure fulfillment of the role of the state “most precisely the PSUs can be defined as a productive entity or organization, which the owned and /or controlled by Public Authorities and whose output is marketed.”

According to Public Enterprises Survey, “Public Sector in India includes all activities funded out of government’s Budget”. Hence, the size of public sector in terms of its coverage is noticed to be, indeed quite a large. The PSUs form a part of Public Sector as a whole and have been established as Government Companies or Statutory Corporations. They are also called Non-Departmental Enterprises of Central Government (Singh & Singh, 2004).

The relevance of public sector Enterprises largely depends upon country’s prevailing political ideology, social customs ,stage of economic development and need of people .In a developing economy, it calls for a deal of deliberate government planning involving rational allocation of resources over various projects considered desirable during a given period from the view points of set objectives

The role of Public Sector Undertakings may differ from country obviously because of differing situations. But the cruel bells of poverty, unemployment and inequality appear to be the most common at least among all the less developed countries.

The PSUs are therefore considered as catalytic agents for economic development via Industrialization. To break the vicious circle of poverty and reduce unemployment and inequality, the process of industrialization can be initiated effectively by the government obviously because the private sector will never come forward to make investment on infrastructure, which is by virtue of its qualification a prerequisite for expansion of both production and consumption activities .Therefore, direct involvement of the state becomes inevitable.

The most of the newly emerging nation’s public enterprises are matter of necessity than of choice.”In most of the developing economies the PSUs has been identified as powerful instrument both by economic as well as social considerations (Singh & Singh, 2004).



Development of infrastructure and basic heavy industries is a prerequisite for starting the process of industrialization and it involve huge amount of investment and risk with little or no profit, which only state can afford through its PSUs.

During the initial phase of development, most of the less developed countries including India experienced shortage of capital as one of the major problems in capital formation. The problem of capital formation is due to circular relationship between the demand and supply of capital. On supply side, there is a small capacity to save resulting from low level of real income. The low real income is reflection of low productivity, which, in turn, is largely due to lack of capital. The lack of capital is result of the small capacity to save, and so the circle is complete on demand side ,the inducement to invest may be low because of the small buying power of the people, which is due to their small real income, which again due to low productivity. The low level of productivity, however, is a result of the small amount of capital used in production, which, in turn, may be caused or at least partly caused by the small inducement to invest.

The public sector reduces the problem of capital formation to a significant extent .It helps not only in increasing savings but also in making the best possible use of the funds towards maximization of economic growth and promotion of industrialization (Singh & Singh, 2004).

Public Enterprises form an important segment of public sector in India. During the last five decades Public Enterprises have phenomenally grown in terms of investments and numbers.

The rising investment in Public Enterprises ,with their continuing demand for further investment, and the resource constraints faced by the Economy have led to questioning of their future role .Question have also been raised as to how far PEs have succeeded in fulfilling the expectations with which they were set up. These queries have been answered in many ways and various initiative by the government have set the trend to make Public Enterprises more effective and efficient .There are also initiative of divesting the enterprises under the guidance of Department of Disinvestment. There have been wide publications on related issues but most of the writing on the issue has been polemical, apologetic or sometimes downright condemnatory. However, there has been albeit inadequate research on Public



Enterprise performance and problems which has gone without much notice (Mishra, 2003).

### **Navratnas and Miniratnas Public Enterprises**

In order to prepare giant public enterprises for global competition and enable them to assume the role of Indian multinationals, the government identified 9 enterprises (namely, Bharat Heavy Electrical Limited; Steel Authority of India Limited ;Mahanagar Telephone Nigam Limited; Videsh Sanchar Nigam Limited; National Thermal Power Corporation; Bharat Petroleum Corporation Ltd; Hindustan Petroleum Corporation Ltd; Indian Oil Corporation Ltd; Indian Petrochemicals Corporation Ltd; Oil& Natural Gas Corporation) as Navratnas and 97 enterprises as Miniratnas, based on their record with regard to constant profitability and size of capital. Later, the list of Navaratnas was extended from 9 to 11 to accommodate MTNL and VSNL. Subsequently, the number of Miniratnas was scaled down from 97 to 45.

The rationale behind identification of these enterprises as Navaratnas and Miniratnas was to increase their economic and operational autonomy in proportion to their financial and commercial success, as also to provide them special leverage to face competition in Indian and global markets by freeing them from bureaucratic and procedural hurdles (Mishra, 2003).

### **Growth and Performance of Public Sector Undertakings in India**

Prior to Independence, there were few 'Public Sector' Enterprises in the country. These included the Railways, the Posts and Telegraphs, the Port Trusts, the Ordnance Factories, All India Radio, few enterprises like the Government Salt Factories, Quinine Factories, etc. which were departmentally managed. Independent India adopted planned economic development policies in a democratic, federal policy.

The country was facing problems like inequalities in income and low levels of employment, regional imbalances in economic development and lack of trained manpower. India at that time was predominantly an agrarian economy with a weak industrial base, low level of savings, inadequate investments and infrastructure facilities. In view of this type of socio-economic set up, our visionary leaders drew up

a roadmap for the development of Public Sector an instrument for self-reliant economic growth. This guiding factor led to the passage of Industrial Policy Resolution of 1948 and followed by Industrial Policy Resolution of 1956.

The 1948 Resolution envisaged development of core sectors through the public enterprises. Public Sector would correct the regional imbalances and create employment. Industrial Policy Resolution of 1948 laid emphasis on the expansion of production, both agricultural and industrial; and in particular on the production of capital equipment and goods satisfying the basic needs of the people, and of commodities the export of which would increase earnings of foreign exchange. In early years of independence, capital was scarce and the base of entrepreneurship was also not strong enough. Hence, the 1956 Industrial Policy Resolution gave primacy to the role of the State which was directly responsible for industrial development. Consequently the planning process (5 year Plans) was initiated taking into account the needs of the country.

The new strategies for the public sector were later outlined in the policy statements in the years 1973, 1977, 1980 and 1991. The year 1991 can be termed as the watershed year, heralding liberalisation of the Indian economy.

The main elements of the present Government policy towards Public Sector enterprises as contained in the National Common Minimum Programme (NCMP) are given below:

- ❖ To devolve full managerial and commercial autonomy to successful, profit making companies operating in a competitive environment.
- ❖ Generally, profit-making companies will not be privatized.
- ❖ Every effort will be made to modernize and restructure sick public sector companies and revive sick industry.
- ❖ Chronically loss making companies will either be sold off, or closed, after all workers have got their legitimate dues and compensation.
- ❖ Private industry will be inducted to turn-around companies that have potential for revival.
- ❖ Privatization revenues will be used for designated social sector schemes.

- ❖ Public sector companies and nationalized banks will be encouraged to enter the capital market to raise resources and offer new investment avenues to retail investors.

One of the significant achievements of the public sector has been taking over of many “sick” units which had been incurring heavy losses and putting them on the track.

The public sector’s contribution in meeting India’s industrial needs is considerable now. The Heavy Engineering Corporation has facilities to set up a one million ton capacity steel plant a year. The Bharat Heavy Electricals can supply all the power generating equipment the country’s needs. It is admitted that one of the banes of the public sector under utilization of capacity remains to be solved. Vital capital resources go waste as a result of unused capacity, leading to heavy losses. But now an attempt is being made to introduce flexibility by manufacturing different types of equipment based on substantially the same fabricating facility with only slightly more investment.

In other words, the economy of such a country needs to be duly controlled and unless and until capital acquires free movement and diverse channels to cater for highest tastes and improve the standards living, a free economy in a country would not work well. By any standards, the growth of the public sector in India has been phenomenal, having by now been able to invest its own productive assets, recruit and train its own staff and management and conceive and execute its own products. This record has justified the people’s faith in the public sector as an instrument of national growth.

Along with the increase in output and diversification<sup>1</sup> of products has come a new outlook in management and internal relations in the public sector. Better utilization of installed capacity, improved inventory and materials management, economy in the use of working capital, new monitoring systems, and quick handling to labour problems have inculcated a sense of belonging among the employees. Till now the main profiteering concerns were commercial ones like the Indian Oil Corporation, the Food Corporation of India and the State Trading Corporation. Now others, like the Bharat Heavy Electricals, have also begun to show profit.

The last two years of the fourth plan were again marked by a spurt in the growth rate of internal resources. This directly attributed to sustained improvement in the financial performance of public enterprises during these years. Some of the internal resources generated have been ploughed back by the public sector enterprises for financing renewals, replacements, and modernization and capital improvements.

The public sector has played a very prominent role in economic and industrial development of the country and the PSUs, a major player in the total set up of public sector, have contributed immensely in shaping the Indian Economy through the huge investment and vast area of operation extending to all the states and Union Territories (<http://essaysandarticles.com>).

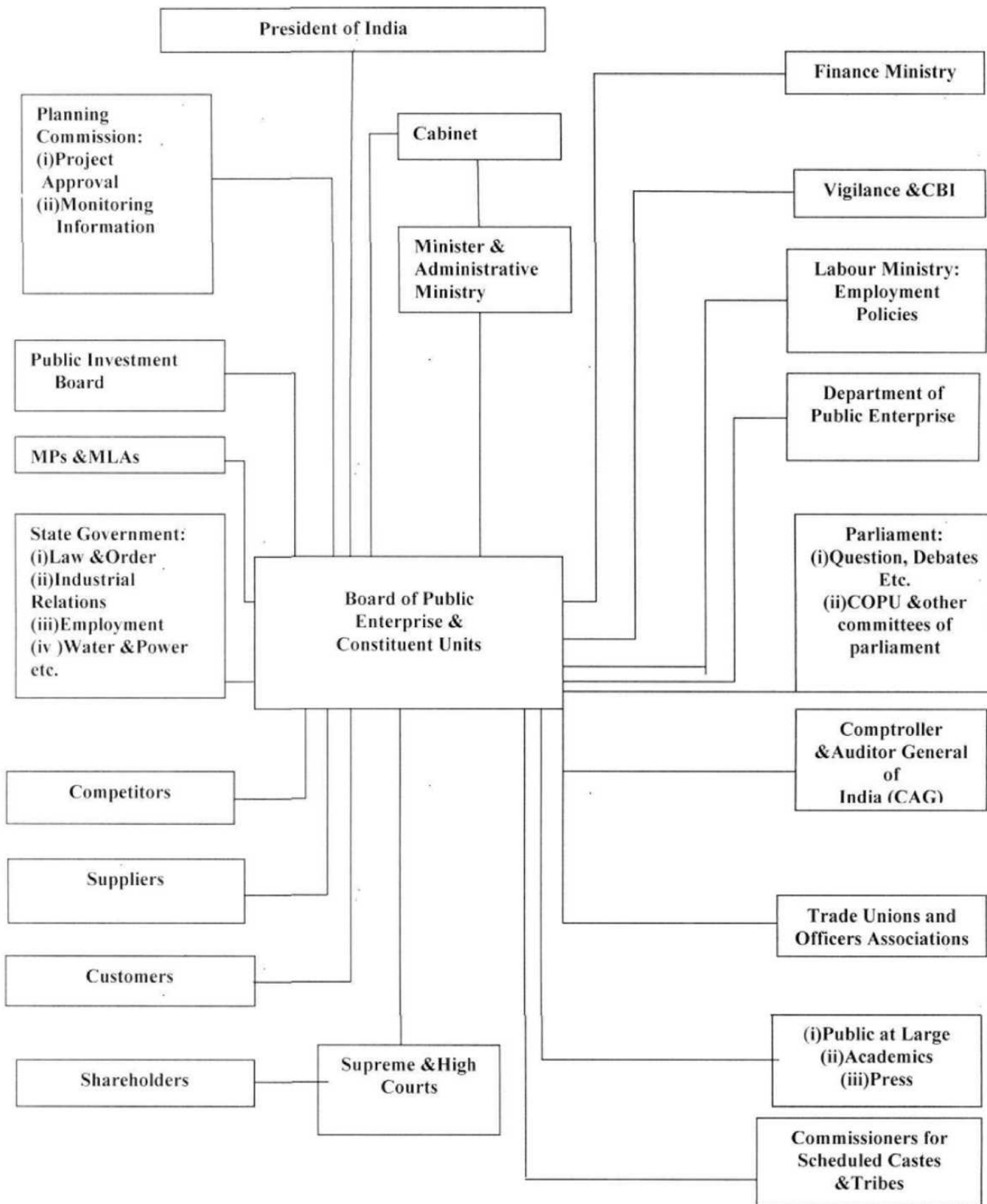
### **Organisation of Public Enterprises Environment**

An effort has been made in the following chart (1.2) to present graphically the constituents of the Public Enterprise environment. At the top is the president of India, in whom powers of the sole or the majority shareholder vest. All formal directives to government companies are issued in the name of the President, as prescribed by the articles of these companies. For the statutory corporations, the directives are issued in the name of the central government as required by their statutes. But this is only a technical differences.

The cabinet is the final arbiter in all important matters, capital expenditure beyond laid down limits, schemes of grouping or regrouping of Public Enterprises, flotation of a government company, board levels appointment, disinvestment and privatisation decisions etc; would need the cabinet clearance.

The minister and the administrative ministry have critical and frequent interactions with PEs, both at the informal and formal levels. Invariably, one or more senior officials of the ministry are on the board to monitor information and to convey the ministry's point of view to the enterprise. Generally, the operating units have no direct relations with the administrative ministry, which deals with their head office. Another constitutes in the diagram is the planning commissions.

**Chart: (1.2)-Presentation of the Public Enterprises Environment**



Source: Narian, L. (2010) *Public Enterprise Management and Privatization*

The competitor's suppliers, customers, the public at large, the press and the academic, all in their own way affect Public Enterprise operations. The Public Enterprise environment is also affected by the commissioner for Scheduled Caste and Tribes, who is permitted to receive direct representation from these communities in regard to their placement, promotion, etc. Shareholders have become an important constituent of disinvestment Public Enterprises. They can challenge policy and performance (Narian, 2010).

### **Impact of Economic Reforms of 1991 on the Performance of PSU'S**

Realizing the seriousness of dilapidated conditions and mounting pressure of recurring losses of PSU's, the Government of India through its new economic reforms of 1991 decided to overhaul its policies towards public sector necessitating them to generate maximum possible funds of their own and also through floating of share from the market for bringing them on the right track of sustainable growth and stability in future.

Secondly, the scope of public sector, which used to enjoy monopoly of as many as 17 reserved areas, was slashed down to the six including those of defense and minerals.

Thirdly, as a result of this, the public sector was quite likely to face a tough competition not only from the Indian private companies, but also those established abroad. In spite of these snags, the analysis carried out in the previous sections of this chapter clearly indicates a much better performance of PSU'S in India during the post reform period. Some of the most striking conclusions emerging from the analysis are recorded here as under.

There is no denial of the facts that PSU's in India have experienced constantly increasing trends of investment growth in absolute terms throughout the reference period. But it seems to be rather unfortunate that compared to the pre-reform period, the growth rate of investment in Public Sector Undertakings is found to be significantly lower during the post reform period. Besides experiencing a marginal reduction in the total number of enterprises.

A slower growth rate of investment in PSU's during the post reform period might be inter-alia one of the factors chiefly responsible for lowering down the scope

of employment as witnessed by the significant reduction in the total number of persons employed during this period.

A slightly less than three times increases in internal resources of Public Sector Undertaking's along with the significant increases in the ratio of internal resource to capital employed has finally resulted in a considerable enhancement in both the value of output and the value added during the post reform period. Corollary to this ,there have been appreciable increases not only in the value added per employee but also the tremendous increases in magnitude of sales ,showing a remarkable improvement in the marketing efficiency of the Public Sector Undertakings.

A tremendous improvement in internal resources of Public Sector Undertaking's as experienced during the post –reform period ,appears to have gone in favour of validating the hypothesis that economic reforms will lead to not only strengthening of the total capacity of the Public Sector Undertaking's but also accelerating the growth rates of the value of output and the value added.

Consequent upon the phenomenal rise in value of output and value added ,not only foreign exchange have shown an appreciable increase during the post- reform period but the revenue receipts from Public Sector Undertaking's going to the state exchequer have also demonstrated a phenomenal increases during the same period

Compared to the pre-reform period nearly three times increases in the ratio of net profit to capital employed to Public Sector Undertaking's during the post reform period has also gone in favour of validating the hypothesis that economic reforms of 1991 will help a lot in improving the rate of return on capital employed.

An assessment and analysis of the financial performance of Public Sector Undertaking's have enabled us to conclude that although the number of Public Sector Undertaking's incurring losses has, no doubt, shown a marginal reduction. The phenomenal increase in the magnitude of incurred losses is of alarming nature – penetrating beyond doubts and still continuing to exist and rise.

### **Suggestion for betterment of PSUs**

1. Setting clear and attainable goals
2. Reduce undue interference
3. Holding management accountable for results
4. Designing the framework of incentives

5. Recruit the team of managers with appropriate skills
6. Liquidate unviable and expedite privatization of some PSEs
7. Exposure of public enterprises to domestic and foreign competition (Singh & Singh, 2004).

### **Causes of Poor Performance of PSUs**

In spite of enjoying added advantages in terms of huge investment, Government protection, and priority over private sector, it has not been possible for PSUs to attain the extended level of progress over the period.

The following are the reasons for poor performance of PSUs:

- ❖ Excessive protection from domestic and foreign competition.
- ❖ Assignment of monopoly powers or consolidation of several enterprises into single one without any perceived economies of scale.
- ❖ Disregard by government and /or public manager to financial profitability.
- ❖ Excessive reliance on government funds frequently at subsidized rates.
- ❖ No pressure on enterprises to make dividend payments or earn adequate return on capital.
- ❖ Conflict between social and financial objectives and predominance of social objectives.
- ❖ Excessive reliance on debt rather than equity financing.
- ❖ Complicated size of transfers between enterprises and central budgetary authorities.
- ❖ Poor quality of and /or delayed financial accounts.
- ❖ No financial stake of manager in company's financial performance.
- ❖ Excessive control of and interference with the operation of public enterprises.
- ❖ Politicized board directors.
- ❖ Little autonomy for public manager in daily operations.
- ❖ Existence of bureaucratic, over centralized multi sector holding companies (Singh & Singh, 2004).

### **Challenges for the PSU'S**

- ❖ Absence of concrete labor laws have resulted in strikes that have not allowed the sector to expand and modernize, resulting in many undersized operations.



- ❖ The country faces logistical disadvantages due to its geographical location; since the country is farther from the major markets than her competitor
- ❖ Inadequate export infrastructure and poor road connectivity affects the public sector's competitiveness.
- ❖ Even though the quota restrictions have been dismantled, the Indian public sector still continues to struggle with government regulations.
- ❖ The power cost in India is much higher in comparison with other countries such as Brazil, China, Italy, South Korea, Turkey and the USA. Power comprises nearly 10-17% of the total cost of production for.
- ❖ Despite being the major producer of electrical, the productivity of electronic is measured by tones is much lower than other countries where as the level of product in China and Japan Brazil and Turkey is more than 1 pertone and India's productivity is less.
- ❖ The fragmented nature of the supply base makes it difficult to achieve true integration between various links in the supply chain, as it creates issues of lack of control and lack of consistent or reliable performance.
- ❖ Lack of any trade pact memberships creates problems in accessing the major international markets leading to quota and duty disadvantages.

## Conclusion

Workforce planning is vital if a business is to meet its future demands for staff. It allows a business time to train existing staff to take on new responsibilities and to recruit new staff to fill vacancies or to meet skill shortages. Keeping recruitment a core strategic asset for organization, will difficult benefit organization. The first step toward making this vision a reality is to determine what types of hiring your organization requires and how hiring processes drive organizational success. It has been found that the most useful top-end measurement is hiring efficiency vs. hiring effectiveness. Using the efficiency vs. effectiveness framework will enable you to configure hiring systems that best support your organizational objectives and determine the degree of process automation necessary to support your hiring needs.

The traditional functions of HRM now need to be strategically directed towards developing and sustaining organizational capabilities, through activities that

overlap with traditional business functions such as finance, marketing, and non-traditional activities, such as knowledge management.

HRM has the responsibility to maximize efficiency and profit, but in the emerging scenario, the role of HR manager is changing rapidly due to changes in government policies, unions, labor legislations and technology. The trends have taken place in the organization, human resource planning, job design, motivation, and recruitment and skill development and employee relations. The challenges can be faced by HRM effectively, if proper strategies are implemented. Hence, the role of HRM will be more significant in future due to the emerging scenario.

This Chapter deals with the comprehensive human resource management, recruitment and public sector undertaking. The succeeding chapter deals with the review of literature.

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# **Chapter-2**

## **Review of Literature**

- ❖ **Introduction**
- ❖ **Review of Literature**
- ❖ **Statement of the Problem**
- ❖ **Origin of the Research Problem**
- ❖ **Objectives of the Study**
- ❖ **Hypotheses of the Study**
- ❖ **Limitations**
- ❖ **Research Gap**
- ❖ **Research Methodology**
- ❖ **Scope of the Study**
- ❖ **Significance of the study**
- ❖ **Conclusion**
- ❖ **References**



## **Chapter -2**

### **Review of Literature**

#### **Introduction**

The previous chapter is devoted to the introduction of the study and includes Human Resource Management, recruitment and public sector undertakings. The present chapter is related to review of literature, research gap, scope and significance of the study. It also deals with objective of the study, research methodology, hypotheses of the study and limitations of the study have also been mentioned.

Planning is the first and most crucial function of management which tells where we should begin and how things will be well-organized in a system. Human beings are the most privileged animals of the creation because they need not start every new thing from the beginning. The past experience is always helpful to them. They learn from the past and make the plan for the future. In this context, a review is made of the existing relevant literature available on the topic.

#### **Review of Literature**

**Reddy S (2004)** studied training and development of employees through CD- ROMs. Most learners find their learning experience incomplete unless the course content is made available to them through multiple media. CD-ROMs offer a rich medium, complete with text, graphics, motions, and audio, which the learners can experience in privacy at their place and comfort. Apart from the learners and the trainers, organizations are able to realize business benefits by offering training and development. It can be effectively used for gaining knowledge, learning skill, and enhancing cognitive abilities.

As far as cost is concerned, it is just the cost of purchasing a CD-ROM, but the cost benefits with respect to its impact on the bottom line of training. The most significant advantage that CD-ROMs offer is that they are available in a packaged form off the shelf. Several training modules are available at very low prices. CD-ROM has carved its own niche in the training field. The abundant supply of pre-packaged training programmes, coupled with the option of developing and distributing customized training content via CD-ROMs, prepared by training

consultants and vendors, make it possible for trainers to select from a variety of training solutions, from instructor led courses to learner led courses, courses packed with highly interactive sessions and modules to relatively simple ones. CD-ROMs offers the following benefits for training and development: Enormous storage capacity. A single CD-ROM has the capacity to store large amounts of data- up to 1 gigabyte, although the most common size is 650-mega byte. Long shelf life means that if the disc is manufactured properly, it could last for more than a human lifetime.

There is ongoing research to develop CDs, which can last for more than a thousand years. Cheaper than instructor- led training: Delivering training through CD-ROMs cuts cost drastically. It not only cuts cost, but also saves a substantial amount of time. Easy to use: To operate a CD-ROM, all that a user needs is a multimedia PC with a soundcard. The user must also be acquitted with basic computer skills. Available off the shelf shows that the market is flooded with packaged training programs ranging from a number of topics from business skills to technical training. These CD-ROMs either accompany books or are available as stand –alone product in CD-ROM format. Several organizations, including training consultant, offer their training programs in different formats including CD-ROMs. Customized training solutions can also be prepared and distributed to employees via CD-ROMs.

Leggett and Frank (1997), in their study *“Comparative Analysis of Recruitment Variability in North Atlantic Flatfishes - Testing the Species Range Hypothesis”* showed the analysis that recruitment variation in flatfishes should be most variable at the northern edge of the species range, least near the centre of the range, and intermediate near the southern limit was tested using stock and recruitment data generated from sequential population analysis for several different flatfish stocks involving four species. The results were generally inconsistent with the hypothesis: the coefficient of variation (CV) of recruitment for plaice in the eastern Atlantic was independent of latitude, the CV of recruitment for sole exhibited a dome-shaped relationship with latitude with the highest CVs occurring at the mid-point of the range, and the CV of recruitment for the western Atlantic stocks exhibited a monotonic decrease with latitude. Analysis of both de-trended recruitment and pre-recruit survival time series over the species ranges of sole and revealed strong positive correlations among adjacent stocks and inverse correlations among stocks at the

extremes of the range. Recruitment variation in the flatfish stocks examined appears to be dominated by density-independent factors, operating at a local scale, on the egg and larval stages.

**Power (1995)** in his research paper entitled *"The Testing and Selection of Recruitment Distributions for North Atlantic Fish Stocks"* focused on the lognormal recruitment model has been widely applied as a description of the recruitment phenomenon. This paper applies randomization and goodness-of-fit tests to a hundred previously published North Atlantic fish stock recruitment data series as a means of establishing the suitability of the exponential, lognormal and Waybill distributions as descriptions of recruitment data. Results of the testing procedure confirm that a variety of distribution models are often statistically adequate descriptions of the available recruitment data series. The Weibull model best describes the largest number of data sets. The lognormal model best describes the remaining data sets and the exponential model is a poor description of the recruitment data. The result simply that recruitment should be viewed as a stock-specific attribute linked to life-history and environmental influences. Managers should be made aware of the errors resulting from the inappropriate use of the lognormal recruitment assumption and the possible implications it might have on the development and implementation of fisheries management and exploitation policies.

**Milton, Rawlinson and Blaber (1996)** in their study *"Recruitment Patterns and Factors Affecting Recruitment of Five Species of Short-Lived Clupeids in the Tropical South Pacific"* examined the temporal and spatial patterns of recruitment of the short-lived anchovies at one or more sites in the Solomon Islands, Papua New Guinea and Maldives. At all sites, all species were recruited throughout the year. There was no difference between months in the proportion of recruits in the fished population of any species at any site. Adult stock size was the most important factor that explained variation in recruitment two months later and accounted for between 30 and 85% of the variation in recruitment of each species at the two sites. Environmental factors such as zooplankton biomass, wind or monthly rainfall were not correlated with recruitment of any species at either site. At last analysis was that the lower variability in recruitment compared with temperate clupeids results from a

combination of their multiple-spawning reproductive strategy, rapid growth and early recruitment. For these species, pre –recruit mortality appears to be relatively constant.

**Green and Edmunds (2011)** in their study *“Spatio-Temporal Variability of Coral Recruitment on Shallow Reefs in St. John, US Virgin Islands”* analyzed that coral recruitment was measured on a kilometer-wide scale over two years on shallow (5–6mdepth) fringing reefs in St. John, US Virgin Islands, with the objective of determining the extent to which variation in recruitment was affected by biophysical coupling involving temperature and flow extent to which variation in recruitment was affected by biophysical coupling involving temperature and flow. Coral recruitment was measured using settlement tiles deployed at 10 sites along 10 km of shore. The tiles were first deployed in August2006, and thereafter replaced every sixth months to sample from either August to January, or January to August over 2 years. One aspect of seawater temperature – the daily range – differed among sites and was greater at western compared to eastern sites, and while it was related inversely to recruitment over one of the sampling periods, it was equivocal as a physical process affecting recruitment. Instead, our results are consistent with biophysical coupling involving patch depletion and downstream filtering, where by patches of coral larvae are delivered to the south shore of St. John and depleted of larvae through settlement as the water progresses westward.

**Rozelle and Landis (2002)** in their study *“An Examination of the Relationship Between Use of the Internet as a Recruitment Source and Student Attitudes”* showed that the purpose of the hypothesis was to investigate the extent to which applicant use of the Internet during recruitment was related to post-entry attitudes. Based on the extant organizational recruitment literature, a primary hypothesis was that Internet recruitment would be perceived as presenting less realistic information to applicants as compared to informal forms of recruitment. The data did not support the hypothesis. Finally, suggestions for future research involving theory building and Internet recruitment are offered.

**Challier, Pierce and Robin (2006)** in their study *“Spatial and Temporal Variation in Age and Growth In Juvenile Loligo Forbesi and Relationships with Recruitment in the English Channel and Scottish Waters”*. Age determination

indicated that recruits were older than previously thought (about 8 to 11 months). Back-calculated hatching dates were used to estimate growth variation during the pre-recruitment stage. Exponential growth models adequately described size-at-age data. Linear modeling demonstrated inter-annual and spatial significant differences in growth rates. Influence of the hatching month (within or between cohorts) on growth was detected. To improve understanding of recruitment variability, this studies the question: Does early growth vary in relation with addresses recruitment? Available recruitment estimates appeared to be related to annual growth rates; density dependence in squid growth is suggested for English Channel population.

**Griffith and Wolf (2004)** in their study "*Genetic Evidence for Pre-recruitment as the Mechanism of Transcription Activation by SoxS of Escherichia coli: The Dominance of DNA Binding Mutations of SoxS*" found that SoxS DNA binding mutations are dominant to the wild-type allele, a result consistent with the pre-recruitment hypothesis, but opposite to that expected for an activator that functions by recruitment. Moreover, whereas positive control mutations of activators functioning by recruitment are usually dominant, a soxs positive control mutation was not. Lastly, with the Sox RS system as an example, we discuss the physiological requirement for stringent regulation of transcriptional activators that function by pre-recruitment.

**Breaugh (2008)** in his study "*Employee Recruitment: Current Knowledge and Important for Future Research*" reviewed research on recruitment topics that have received considerable attention (e.g., recruitment methods, realistic job previews). Author also addresses topics (e.g., targeted recruitment, the site visit) that have received relatively little attention but that have the potential to be quite important. In examining these topics, job applicant variables (e.g., self-insight), that should influence how an employer conducts the recruitment process but that have frequently been neglected, are discussed. Throughout the paper, important areas for future research are suggested.

**Sengupta (2002)** in his study "*Delegating Recruitment under Asymmetric Information*" analyzed that Recruitment is often delegated to senior employees. Delegation is then superior to direct (owner) recruitment and offering 'tenure' or

guaranteed seniority to the senior employee is neither always desirable for the Owner nor necessary to ensure good recruitment. If there is information Asymmetry between the owner and the senior employee regarding additional aspects of firm operations, moral hazard may exist and tenure may be needed to ensure that the best candidate is selected. Offering tenure may then be desirable for the owner.

**Vieira, Cardoso and Portela (2003)** in their study *"Recruitment and Pay at the Establishment Level: Gender Segregation and the Wage Gap in Portugal"* aims at quantifying the trend in worker segregation at the establishment level and its impact on wages in Portugal over a fifteen year period. It concentrates on the gender dimension. Results reveal a high degree of systematic gender segregation. A higher proportion of females in the establishment lowers females' wages while, on the contrary, it raises males' wages. Between mid-80s and late-90s, the contribution of the gender composition of the workforce within the establishment to the wage gap increased, though fluctuating within that period. The evidence gathered lends support to the taste-based model of employer behavior.

**Brezis and Crouzet (2004)** in their study *"The Role of Higher Education Institutions: Recruitment of Elites and Economic Growth"* aimed to examine the evolution of recruitment of elites and to investigate the nature of the links between recruitment of elites and economic growth. The main change that occurred in the way the Western world trained its elites is that meritocracy became the basis for their recruitment. Meritocratic recruitment actually leads to class stratification and auto-recruitment. It analyzes the consequences of stratification resulting from meritocratic selection for the development of a country and show that these consequences are dependent upon the type of technological changes occurring in the country.

**De Voretz (2006)** in his study *"A History of Canadian Recruitment of Highly Skilled Immigrants: Circa 1980-2001"* showed the identification of the types of immigrants that Canada has recruited to foster modern Canadian economic development and assesses how effective Canada has been in recruiting and retaining these required immigrants in the 21st century. The paper presents evidence to support that between a "tap on-tap off" policies admitted skilled immigrants to Canada only if a labor vacancy was anticipated. After 1990 tests reveal that the previous year's

economic immigrant admissions determined the contemporary immigrant flows with a 10 month lag. This paper conclude that Canada's traditional use of immigrants as an "engine of growth" is very limited in the 21st century and suggest recruitment of foreign graduate students to revitalize the role of immigrants in Canadian development.

**Purdy (2006)** in his study *"People as Resources: Recruitment and Reciprocity in the Freedom-Promoting Approach to Property"* addresses three approaches. Firstly, setting out the freedom-promoting approach requires explaining its relationship to other approaches, particularly the ones concentrating on property's economic advantages and its connection to personhood, which indisputably describe both deep human interests and important ways in which property regimes can advance them. Second, the freedom-promoting approach needs a working definition of freedom, a word that is easy to throw around and somewhat less easy to make tractable as an idea. Third, it needs an account of what property systems do that shows how promoting freedom is not just an attractive idea in general, but an apt account of the activity of these legal regimes in particular.

**Fabel and Pascalau (2010)** in their study *"Recruitment of Seemingly Overeducated Personnel: Insider-Outsider Effects of Fair Employee Selection Practices"* showed that fair employment policies constrain employee selection: specifically, applicants' professional experience can substitute for formal education. However, reflecting firm-specific job requirements, this substitution rule applies less strictly to applicants from outside the firm. Setting low educational job requirements decreases the risk of disparate impact charges. Data show that successful outsider candidates exhibit higher levels of formal education than insiders. This gap in educational attainments between outsiders and insiders widens with lower advertised degree requirements. Data find strong insider-outsider effects on hiring decisions.

**Happold** in his study *"Child Recruitment as a Crime under the Rome Statute of the International Criminal Court"* has thrown light on the recruitment and use of child soldiers which has become a matter of increasing international concern. There appear to be two reasons for this: an increase in the use of child soldiers, and a change in our perceptions of what childhood is and when it ends. The result has been a rapid

development in the international law concerning children's participation in armed conflict. Rome Statute raises a number of questions about the contours of the crime of child recruitment. This chapter has concentrated on examining the specific crime of child recruitment; it has also argued that it should not be viewed in isolation. Certain instances of forcible recruitment and the manner in which child recruits are treated by their captors fall within the definition of the crime against humanity of enslavement, and it is more appropriate to charge them as such. Children suffer from other violations of their rights in armed conflicts, which the Court should also prosecute.

**Bellmann and Brussig (2007)** in their study "*Recruitment and Job Applications of Older Jobseekers from the Establishments' Perspective*" analyses firms' characteristics correlating with their recruitment behavior towards the elderly (age 50 and more) on the base of microeconomic data. In the demographic change, a prolongation of individual employment and of beginning a new employment in later stages of the work life is of growing importance. Special consideration is given to the labor supply, which is here observed as the existence of an application from job seekers of age 50 and more, and which is a condition for recruiting of older employees. The results show that about 75% of the firms did not have an application of older job seekers. Of the remaining firms, which reported to have applications from older job seekers, about half of the firms recruited older job seekers, and the other half did not so. However, there are remarkable differences between firms which received applications from older job seekers and firms which are willing to recruit older job candidates.

**Noruzi (2006)** in his study "*Human Resource Management and Customer Relationship Management (HRM and CRM)*" emphasized that there is a close relationship between Human Resource Management and Customer Relationship Management (HRM & CRM) in every organization or in enterprise. The CRM and increasing it depends on employee's morals and efficiency. If there is a good HRM system, it can strongly improve our CRM. To be powerful in any business, satisfaction of our customers is of utmost importance. To satisfy customers, satisfaction of the employees is necessary because they are dependent on each other.



**Mosca and Pastore (2008)** in their study "*Wage Effects of Recruitment Methods: The Case of the Italian Social Service Sector*" emphasized on the use of a unique data set containing detailed micro-information on organizations, managers, workers and volunteers belonging to public, private for profit and private non-profit institutions delivering social services in Italy. The analysis aims to estimate the determinants of wages across organizations at a sector level focusing on the role of hiring and job search methods, including informal networks. It find that, independent of the organization type, being hired through public competitions brings with it a substantial wage premium (ranging from 7 to 32%). The differences in hiring and in job search methods between state and private organizations explain from 50% to 100% of the conditional wage differentials across organization types. The interpretation of these findings is that nonprofit organizations prefer informal recruitment methods not for nepotistic reasons, but to better select the most motivated workers, those who share the nonprofit mission. The paper suggests that different recruitment methods are necessary to reduce the *ex ante* information asymmetries existing between employers and employees across different types of organizations.

**Mahmud and Vargas (2008)** in their study "*Combatant Recruitment and the Outcome of War*" proposed a simple model in which the power of each armed group depends on the number of combatants it is able to recruit. This is in turn a function of the relative distance between group leaderships and potential recruits. It emphasizes the moral Hazard problem of recruitment; fighting is costly and risky so combatants have the incentive to defect from their task. They can also desert altogether and join the enemy. This general framework allows a variety of interpretations of what type of proximity matters for building strong cohesive armies ranging from ethnic distance to geographic dispersion. Different assumptions about the distribution of potential fighters along the relevant Dimension of conflict lead to different equilibrium.

**Isaac and Ganuza (2008)** in their study "*Recruitment, training and career concerns*" examined the training and recruitment policies in a two-period model that nests Two forms of production, "routine" work where ability and effort are substitutes and "creative" work where they are complements. Alternative ways of improving average ability have opposite implications for agents' career concerns. While teaching to the top or identifying star performers increases agents' career concerns, teaching to

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the bottom has the opposite effect. The paper also makes more general comments relating to models of reputation.

**Ho, Wu and Lee (2004)** in their work *"How Changes in Compensation Plans Affect Employee Performance, Recruitment and Retention-An Empirical Study of A Car Dealership"* analyzed that changes in compensation from performance-sensitive to less performance-sensitive schemes hurt employee performance. This study involves performance data for 4,392 employees of a Taiwanese car dealership over 56 months. The consequences show that high-performance employees were affected by the compensation plan change more than low-performance employees. Consistent with the predictions of selection effects, the results indicate that the less performance-sensitive plan retained fewer high-performance salespersons and recruited more low-performance sales staff. It find that the more loss for an employee, the more Likely he/she would leave the dealership.

**Ommeren and Russo (2009)** in their work *"Firm Recruitment Behavior: Sequential or Non-Sequential Search?"*, introduced a novel method to test the hypothesis, that firms search sequentially the relationship between the number of rejected job applicants and the number of employees hired. It use data compiled from filled vacancies for the Netherland. The result imply that when firms use advertising, private or public employment agencies, which together cover about 45 percent of filled vacancies, sequential search is rejected. For about 55 percent of filled vacancies, sequential search cannot be rejected. In line with theoretical considerations, when firms use search methods that rely on social networks, sequential search cannot be rejected.

**Prüfer and Walz (2011)** in their work *"Academic Faculty Governance and Recruitment Decisions"* analyzed the implications of the governance structure in academic faculties for their recruitment decisions when competing for new researchers. The value to individual members through social interaction within the faculty depends on the average status of their fellow members. It shows that the best candidates join the best faculties but that they receive lower wages than some lesser ranking candidates. It also studies the allocation of surplus created by the entry of a

new faculty member and show that faculties with symmetric status distributions maximize their joint surplus under majority voting.

**Chen (2005)** in his study *“External Recruitment as an Incentive Device”* shows that even from an incentive viewpoint, external recruitment has its positive role to play. Specifically, if promotion is based on relative performance, then negative activities in the form of sabotage are a valuable instrument to compete. This results in inefficiency of the workers’ efforts and performance of the firm. External recruitment, by reducing the marginal return of negative activity relative to that of productive activity, can restore the incentives of the workers to engage unproductive activity and enhances the firm’s performance. It also show that even when negative activities are not a concern, external recruitment can sometimes avoid the shirking equilibrium, or prevents collusion of the workers.

**Minbaeva (2007)** in his study *“Human Resource Management Practices and knowledge Transfer in MNCs”* introduced human resource management practices that help MNCs to overcome knowledge transfer barriers. Author says that Human resource management practices relevant for absorptive capacity of subsidiary employees form two groups cognitive Job analysis, recruitment ,selection ,International rotation ,Career management, Training and performance appraisal and stimulate Promotion, performance, based compensation, internal transfer, orientation programmer, Job designs and flexible working practices .The author has used correlation method and conceptual model. The result of the study argue that MNCs may consider applying different expatriation practices depending on whether the aim is to increase expatriates willingness or ability to transfer knowledge to the subsidiaries.

**Nath (2010)** in his study *“Satisfaction of Human Resource Management Practices and performance in state level PSUs in India: A case study”*, in this paper the objective of the author is to assess the level of overall satisfaction with IIRM practices of APL as perceived by the human resource i.e. the internal customer of APL .It has been observed that though the satisfaction level of HRM practices is high in the organization, but the HRM performance is not up to the mark. In the study Data

was collected from 640 respondents through Questionnaire. A hypothesis was framed and tested using T-test and ANNOVA test .The result of findings indicate that greater the gap between the expectation and experience in HR skill evaluation the lesser the overall satisfaction with HRM practices .Similarly it has been also been observed that the greater the Gap between the expectations and experiences in HR post-performance scenario, the lesser the overall satisfaction with HRM Practices.

**Verhoeven, Helen and Williams (2008)** in their study *"Advantage and Disadvantage of Internet Recruitment: A UK Study into Employer's Perception"* discussed the advantages and disadvantages of Internet Recruitment and selection as identified in literature and considers those against the view of employees in the United kingdom. In this study data was collected through questionnaire .The result provide clear evidence that the majority of advantages and disadvantages identified in literature are also experienced by UK employees and help to lay foundation for future research.

**Richardson and Margaret (2000)** in their study *"Recruitment Strategies Managing/Effecting the Recruitment process"* revealed some of the strategies that organization can and do employ to ensure the existence of the best possible pool of qualified applicants from which they can fill the vacancies as and when required. It will identify the advantages of each of the strategies, highlights the drawback of its use and offer suggestions for ensuring its utility. The result of the findings indicates that in all public services jurisdiction, new approaches to recruitment are being used. In many territories, the strategies are manual, but as automated methods become more pervasive, that mechanism that supports its use will assume greater popularity. Whatever the strategies selected for use, the objective is to recruit the most qualified, committed individuals into the organizations and ensure that the provision of Government Services to the public is timely and effective, that the goods are of consistent high quality and that the organization achieves the objectives for which they have been established.

**Mazen, Sheriff and Kayaly (2003)** in their study "*Conceptual Design for a Strategic Human Resources Quality Management System*" delivered a decision support tool aiding the decision making process concerning the strategic management of the department of human resource management. The goal of the strategic management in an organization is to assess, deploy and allocate resources providing the management with a competitive advantage. TQM is an overall organization strategy formulated at the top level and then diffused throughout the entire organization. It is primarily an organizational strategy works as a change program towards excellence. Increased human resource requirements, governmental regulations, and expanded computer and information technology capabilities justified the need of an information system within the need of a Human Resource Management Information System (HRMIS). The core of an HRMIS is a database system that contains all relevant human resource information facilitating accessing, maintaining and processing activities. The result of the finding indicates that business plan to help the company to achieve its business objectives. Firms are increasingly moving beyond manual HR systems today, by computerizing individual HR tasks, installing HR Information Systems, and using the internet and Intranet technology. In this context, information technology can support HR managers not only in achieving the traditional HR functions but also in applying the concepts of strategic planning.

**Taylor and MC Graw (2006)** in their study "*Exploring Human Resource Management Practices in Nonprofits Sport Organisations*" focused on the adoption of HRM practices by state sport organisations in New South Wales, Australia. The results indicate that despite pressures to become more strategic in their people management, only a minority of these sport organisations have formal HRM systems. They also found differences between the HRM practices used with paid employees and volunteers particularly in organisations with formal HR policies. Research and practical implications for HRM in sport organisations are discussed as well as future challenges. Strategies or policies on HR represent the organisation's stated intention about its HR programs, processes, and techniques. Formal HR is constituted by identifiable rules and regulations that define the employment relationship. HR practices consist of the Exploring Human Resource Management Practices actual programs, processes and techniques that are operational. HR formality is defined as

the extent to which HR practices are systematised, documented and institutionalised through documented policies, rules and regulations. In this paper, they have presented data outlining human resource management systems and practices in state level representative sport organisations. Strategic human resource management sophistication has been captured using the concept of formalisation, underpinned by associated functions and practices. They argued that professionalization, increases in the number of paid staff, changes in government policy and funding criteria, and an increasingly strict compliance climate during the past decade have encouraged, and in certain cases necessitated, formalised.

**Whitener (1997)** introduced a study entitled "*The Impact of Human Resource Activities on Employee Trust*" focused on HR activities and trust has presumed that employees' trust affects the success and effectiveness of HR activities. However, social exchange theory suggests an alternative and complementary notion-that HR activities affect the development of employee trust. Previous research and exchange-based theories, including organizational justice, leader-member exchange, spiral reinforcement, and perceptions of organizational support, suggest hypotheses that need to be investigated in order to understand the relationship between HR activities and trust better and to design HR activities to build trust and improve organizational effectiveness. Most of the research on the relationship between trust and performance management has studied rate trust-in-supervisor. The results consistently indicate that rates' trust in their supervisors affects their responses to performance feedback and their attitudes toward the performance management system (e.g., Early 1986; Fulk et al. 1985; Scott 1980). As their trust in their supervisors increases, their perceptions of the success, accuracy, and fairness of the system also increase. The role of trust in employment has been examined primarily through research on psychological contracts and organizational level trust-trust in employer (Robinson & Rousseau 1994) or trust in organization (Pearce 1993). Rousseau and her colleagues (e.g., Robinson 1996; Robinson & Rousseau 1994; Robinson, Kraatz, & Rousseau 1994; Rousseau 1990) proposed that employees' expectations develop incrementally in the employment relationship and become embedded in a psychological contract reflecting their beliefs about the nature of the reciprocal exchange agreement between themselves and their employer. They suggested that expectations become reinforced

by perceived promises and take on more power-no longer expectations but perceived obligations. Some obligations are communicated in the form of explicit contracts outlined in personnel policies and procedures, wage or salary offers and structures, or offer letters. The result of findings indicates that the dynamic relationship between HR activities and trust needs to be investigated by considering an alternative and complementary approach to the prevailing notion-that HR activities also affect employees' trust. Previous research on HR activities and trust provide a foundation for considering how HR activities and trust impact each other. Social exchange theories provide hypotheses explaining how classes of HR activities can increase employees' trust in their supervisors, work groups, and organization. The effective design and implementation of HR activities to increase trust could have a significant impact as well on other important organizational outcomes, including turnover, productivity, and financial performance.

**Zottoli, Michael and Wanous (2000)** in their study "*Recruitment Sources Research: Current Status and Future Directions*" have thrown light on Effectiveness has primarily been assessed by examining turnover or job survival rates and job performance. As reported in most narrative reviews and all five quantitative reviews, referrals by current personnel, in-house job postings, and the rehiring of former employees are the most effective sources. Walk-ins have been slightly less effective, and the least effective sources are newspaper ads, school placement services, and employment agencies (government or private). Over these 50 years, six explanations for this pattern have been offered. They are summarized and evaluated here. The practical usefulness of recruiting from effective sources is estimated, based on the effect sizes from our met analysis. The result findings indicate that the Most of the studies failed to conduct proper tests of mediation. Even those that did do so often reached different conclusions. With the variety of measures used for realism and the number of different variables relied on to test the individual differences hypothesis, it is not surprising that there is little consistency. Overall, the realism hypothesis has received the most support, because some of the inside or informal sources seem to provide more realistic information than outside or formal sources. Only a few recent studies have conducted formal statistical tests for realistic information as a mediator of the relationship between recruiting sources and effectiveness. This is the strongest

form of test that can be conducted. Unfortunately, these few studies testing for mediation have had mixed results.

**Gunderson (2001)** in his study *"Economics of Personnel and Human Resource Management"* focused on the economic paradigm as applied to personnel and human resource economics is illustrated through a variety of examples in the personnel area. These involve economic phenomenon (e.g., fixed hiring costs, asymmetric information, option values) highlighting their implications for personnel issues, as well as personnel phenomenon (e.g., deferred compensation, pensions, mandatory retirement) highlighting their economic rationale. Other phenomenon that otherwise seem difficult to explain or paradoxical are analysed including: superstar salaries; long-hours and overtime coexisting with unemployment and underemployment often within the same organisation; the reluctance of seemingly risk averse workers to accept small wage cuts to avoid the possibility of a layoff; the payment of fringe benefits that may not be valued by many employees; the "regular" hiring of temporary workers when permanent workers are available; egalitarian pay structures and fairness in compensation; the persistent reporting of vacancies on the part of firms but a reluctance to raise wages to fill those vacancies; the use of piece rates in some jobs and salary structures that are based on relative ranking of workers in other jobs; and tenure or "up-or-out" rules where people who are not promoted are required to leave rather than work for lower pay. In its current form, personnel economics tends to involve starting with a personnel practice explained. Then personnel economists go through their analytical toolkit, selecting the specific tools or concepts (e.g., agency theory, option values, asymmetric information, human capital, end-games, and repeated games) that are likely to be most insightful for the problem at hand. The tools tend to be restricted to those of economics although there are some efforts to integrate the tools of other disciplines.

**Hansen and Lec (2002)** in their study *"Developing New Proficiencies for Human Resource and Industrial Relations Professionals"* focused on the enhancing the effectiveness of human resource and industrial relations professionals requires Developing during their education and training the proficiencies they must be able to demonstrate when they enter the labour market. These proficiencies reflect their ability to combine traditional content and acquired skills in creative ways that add



value to their employers. Implementing a proficiencies approach requires identifying the needed proficiencies, assessing the effectiveness of master's degree programs in producing these proficiencies, and identifying gaps to be filled. A qualify function deployment process is used to assess the leveraging power of content knowledge and acquired skills in developing these proficiencies. The findings elaborate a rationale for the second position. It does so by analyzing how academic programs can think more productively about what they might do to enhance the knowledge and skill development of their students, using proficiencies as both a guide for that process and to assess the progress of students in developing these proficiencies. The analysis demonstrates that certain categories of knowledge do not receive sufficient emphasis. It reveals even more dramatically that skill development receives relatively little emphasis. In short, substantial gaps exist between what employers seek to find, and what students believe they should be getting from these programs, if they are to be adequately prepared for ever more challenging employment opportunities. Several steps need to be taken. One is to examine the impact of Human Resource or Industrial Relations (IR) programmes on the development of knowledge and skills. Such a study would inquire how proficiencies and the knowledge and skills needed to demonstrate them are promoted through both instruction entered and program-associated learning opportunities.

**Way K. P. (2002)** in their study *"HR/IR Professionals' Educational Needs and Master's Program Curricula"* focused that the HR knowledge is increasingly important relative to IR knowledge. Second, knowledge of business is important: it has been advocated that students should have a solid grasp of the fundamentals of the business, be educated concerning functions such as finance, accounting, and operations, and that HR courses should have a more strategic orientation. Third, HR competencies need to be developed. The aim of this paper is to examine whether and in what way there is a disjunction between the HR/IR knowledge, competencies, and business awareness demanded in IR/HR positions and the curricula of HR/IR programs at the Master level is. The issue is important. Both program administrators and students need to be aware of any demand-supply gap. Faced with limited resources, increased competition in the market for HR/IR education, programmes review and assessment, and pressures for relevance, program administrators are

increasingly concerned to offer courses that are most valuable to students. The research method was to survey HR/IR professionals to elicit perceptions of the importance of various job duties, environmental business factors, competencies, and courses in their current positions, as well as descriptive information concerning their job title, the industry in which they worked, and the size of their organization and department. The justification for surveying incumbents (rather than only senior management, for example) was that the current jobholders arguably had the most accurate and current information. In the last the result of this section is to report, first, the perceptions of HR/IR professionals regarding their job duties, important business issues, relevant HR competencies, and important courses; and, second, the courses offered in Master's programs in HR/IR. The paper also discusses the degree of fit between the demand and supply sides and the implications for administrators of Master's programs and for current and prospective students.

Offstein et al. (2005) in their study "*A Strategic Human Resource Perspective of Firm Competitive Behaviour*" focuses on the human and social capital of a firm, particularly at the upper echelon and board of director levels, contribute to the firm's awareness of the competitive environment and its motivation and ability to undertake numerous, complex, and forceful competitive actions. They suggest that the firm's executive compensation systems moderate the effects of these intangible human assets on firm competitive behaviour. The author used a Strategic Human Resource Model (SHR). The findings indicate that in this Model, differences in one or more of the following strategic human assets, the relationships between those assets, and specific HRM practices and systems are likely to generate competitive consequences. Previous examination into the predictors of competitive behaviour has examined firm characteristics that are quite static and stable. For example, organizational age or organizational size remain relatively constant or change at predictable rates. Further, these characteristics are less prone to manipulation and managerial influence. Human and social capitals are less constrained in this regard. In fact, firms can affect and improve upon their stores of both human and social capital. For instance, more rigorous selection or promotion criteria will ensure that those individuals with lower human capital are screened out at earlier stages. Such mechanisms as team training or

the fostering of an organizational culture conducive for open dialogue may also influence social capital.

**Barrett, Mayson and Susan (2006)** in their study "*Exploring the Intersection of HRM and Entrepreneurship Guest Editors' Introduction to The Special Edition on HRM and Entrepreneurship*" focuses on the entrepreneur only rarely works alone: sooner or later small entrepreneurial ventures require other human inputs. "Small and Medium Sized Enterprises have been treated as second class citizens by authors in the human resource management literature for too long". On what Strategic Human Resource Management (SHRM) can offer to small growth oriented firm, is one of way of examining this issue. While SHRM research is more commonly associated with large, well-resourced firms, it is believe it has much to say for smaller firms, particularly those faced with the demands and challenges of firm have a growth in competitive markets. SHRM is concerned with understanding how human resources can contribute to a firm's performance and sustainability through the achievement of sustained competitive advantage. The result indicates that it can be taken and fruitfully applied to understand the importance in the entrepreneurship field of study. Furthermore there is a theme running through all the papers about how they conceptualize HRM in small or entrepreneurial firm.

**Romero and Eugene (2008)** in their study "*Strategies for Improving the Validity and Utility of Research in Human Resource Management and Allied Disciplines*" worked on the research that have internal validity; that is, there should be credible evidence of causal relations between variables. Second, it should have construct validity; that is, there should be a high degree of correspondence between the constructs referenced by a researcher and their empirical realizations. The relevant constructs in empirical studies are units (e.g., employees, work groups, organizations), treatments (e.g., manipulations, interventions), observations (e.g., questionnaire measures, performance ratings), and settings (e.g., actual organizations versus settings created for research purposes). The findings indicate that the information taken together, the information in this study enhance the validity of empirical studies in HRM and related fields. As a result, there should be improvements in both science and practice in these fields.

**Narain (2005)** in his study "*Public Enterprises Management and Privatization*" revealed about public sector enterprises and tried to focus on the PEs have been a serious challenges in the context of liberalization. The reform to improve PE performance have been recognized, appreciated and identified through was discussed and flagged by many committees and expert bodies the implementation is hardly in sight .PE cannot withstand the ruthless Darwinism of the market place unless they are unshackle of their environmental inhibitions ,restraints and fetters.

**Rayudu (2001)** in their study "*Public Sector in India*" tried to focus on the feature of Indian industry to have public enterprises to participate agro based industry which has occupied an important place. Sickness is more evident in public sector. Sickness is defined by different experts differently .But there has been a common understanding that it is a phenomena characterized by the units making continuous cash lasses.

**Sinha and Chandan (2007)** in their study "*Public Sector Reforms in India*" tried to focus on the, term 'Public Sector' that denotes the realm in which the state operates in conjunction with other agencies to provide public goods and services. It is not to be mistaken for the narrow area of the operation of 'public sector undertaking' which in India is commonly referred to as the public sector.

**Prasad (2009)** in his study "*Human Resource Management*" has tried to place proper emphasis on the HR of the organization management of people in organization is as old as the existence of organization. He tried to place proper emphasis in the human resource in organization and present the most recent developments in the field he tries to relate now these developments which are relevant to Indian organization.

**Gupta (2009)** in his study "*Human Resource Management*" tried to develop student's knowledge of the basic concepts and practice of human resource inanagement. According to the author recruitment is a process of searching for

prospective employees and simulating and encouraging them to apply for jobs in the organization.

**Aswathappa (2010)** in his study "*Human Resource Management*" tried to reflect the focus on HR professional to play the role of a strategic role. According to the author Recruitment is understood as the process of searching for and obtaining applicants for jobs from whom the right people can be selected.

**Pattanayak (2005)** in his study "*Human Resource Management*" tried to place the proper emphasis on the fact that problems in the organization are human related. As human beings are dynamic and complex, to manage the human resource in any sector is a challenging job. According to the author recruitment is the process of searching for prospective employees and them to apply for the job in the organization.

**Gupta and Shashi (2004)** in their study "*Human Resource Management*" tried to develop proper emphasis on human resource management with human being in the organization and also tried to emphasis on the reality that no business in the organization can exist or grow without effective management of human resource. He also emphasized in taking up different aspects of the subject such as Nature, scope of human resource management, personnel management, human resource planning, job design, job analysis, recruitment, selection, placement and induction, promotion, transfers, training, executive development, career, planning and development. According to the author recruitment is concerned with developing suitable techniques for attracting more and more candidates.

**Khanka (2009)** in his book "*Human Resource Management*" focused on the liberalization, privatization and globalization has made business environment highly competitive and complex. These changes have led to change in human resource environment which in turn change human behavior in organization. The book makes a presumption to know all aspect of HRM logically dividing them into seven sections to enable the redress comprehend the key and vital issues of HRM in a dynamic

environment. The book gives well knitted and balanced coverage of theory, contemporary issues, and practical examples drawn from the Indian business world. Employee empowerment, potential appraisal, succession planning, strategic HRM, HRM in changing environment, HR in virtual organization, international HRM and leadership in the new millennium are some of the emerging and contemporary issues discussed in book.

**Prasad, Lallan and Banerjee (2003)** in their study "*Management of Human Resources*" have stressed that manpower is a primary resource without which other resources like money, material etc. cannot be put to use. Even a fully automatic unit such as unmanned satellite requires manpower to execute it and plan further improvements/activities. That is why man learnt the use of manpower much before he learnt to use other resources.

**Pattnayak, (2005)** in his study "*Human Resource Management*" has focused on chapters like HRM for Corporate Excellence, Knowledge Creation and Management and organizational development but has not mentioned HRD in Tourism Industry in India.

## **Research Gap**

From the foregoing review of literature, it is clear that there are a number of research studies on the different aspects of recruitment practices with special reference to BHEL, Haridwar. It is nevertheless found that there is a still dearth of research studies mainly focusing on the recruitment practices in BHEL in post liberalization and Globalization era. The present study conducted against this backdrop and no work has been performed in this field as yet.

The research gaps pointed out in the literature show that the researcher have looked thoroughly in the area of study and makes interpretation and suggestion on how the research may proceed or what could be done to fill those gaps.

## Scope of the Study

Without focusing the pattern of management, organization philosophy highlights on achieving a surely where all citizens (employees) can lead a richer and fuller life. Every organization, therefore, strikes for greater productivity, elimination of wastes, lower costs and higher wages, so the industry needs a stable and energetic labor force that can boast of production by increased productivity. To achieve these objectives, a good recruitment and selection process is essential. Public sector helps in the rapid economic growth and industrialization of the country and creates the necessary infrastructure for economic development. Public sector earn return on investment and thus generate resources for development it is also help in promoting redistribution of income and wealth also create employment opportunities or help in balanced regional development. Public sectors assist the development of small scale and ancillary industries and also promote import substitution, save and earn foreign exchange for the economy.

Truly speaking, the BHEL is a power full engine of India's economic growth. Its contribution to the total production of India's Electronics is as high as 90 percent. This seeks to extend a solid support of building the strong industrial base in the country. Thus, it is discernible from the previous statement that the capital employed in BHEL is being utilized more efficiently than the rest of the PSUs. Besides, it is internal resources generated by all the PSUs is also found to be significantly high. Thus; in spite of the BHEL occupying a prominent place in India's economy, inefficiencies crept into its working, which led to persistent downward trend in its performance. Even the mild reforms initiated. But the BHEL alone was not to be blamed for its poor performance. There were many Public sector undertakings which miserably failed in achieving their objectives. Owing to incessant recurring losses, majority of the Public Sector Undertakings had become economically or non viable units. The problems which they generally faced was identified as high cost of production, non competitive and unaccountable system of production, lack of clarity in commercial approach due to undefined and vague social objectives of Public Sector Undertakings, lack of autonomy due to red tapes and unnecessary political intervention in the working of Public Sector Undertakings.

## Significance of the Study

The general purpose of recruitment is to provide a pool of potentially qualified job candidates. The purposes are to determine the present and future requirements of the organization in conjunction with its personnel-planning and job-analysis activities. Increase the pool of job candidates at minimum cost. Recruitment helps in increasing the success rate of the selection process by reducing the number of visibly, under qualified or overqualified job applicants. It also help in reducing the probability of the job applicants, once recruited and selected, will leave the organization only after a short period of time. It begins to identify and prepare potential job applicants who will be appropriate candidates, Inducts outsiders with a new perspective to lead the company, Infuse fresh blood at all levels of the organization, Develop an organizational culture that attracts competent people to the company. Search or head hunt or head pouch people whose skills fit the company's values. It also devises methodologies for assessing psychological traits, suggests searching for talent globally and not just within the company, designing entry pay that competes on quality but not on quantum. Anticipate and find people for positions that do not exist yet. It increase organizational and individual effectiveness in the short term and long term and evaluate the effectiveness of various recruiting techniques and sources for all types of job applicants. Recruitment represents the first contact that a company makes with potential employees. It is through recruitment that many individuals will come to know a company, and eventually decide whether they wish to work for it.

A well-planned and well-managed recruiting effort will result in high quality applicants, whereas, a haphazard and piecemeal effort will result in mediocre ones. High-quality employees cannot be selected when better candidates do not know of job openings, are not interested in working for the company and do not apply. The recruitment process should inform qualified individuals about employment opportunities, create a positive image of the company, provide enough information about the jobs so that applicants can make comparisons with their qualifications and interests, and generate enthusiasm among the best candidates so that they will apply for the vacant position. Recruitment determines the present and future requirement of the organization regarding planning and job analysis activities. Recruitment increases the pool of job candidates at minimum costs. It meets the organization's legal and



social obligations regarding the composition of its work force and finally identifies and prepares potential job applicants who will be appropriate candidates.

## **Statement of the Problem**

The most painful paradox in human life is that which produces one of the essential tasks of law, and particularly the law of property defining the boundary between those respects in which people must approach one another as persons, and those in which they may lay claim to one another as resources. Researcher have shown the interaction of these two inextricable dimensions of human activity in legal doctrine, the framing debates of political and economic thought, and a novel theoretical account of interdependence and autonomy. Researcher has also argued on the quite disparate aspects of contemporary life which present opportunities to seize a margin of reciprocity in our inevitable relations of recruitment, and thus to make people more free and appeals to flourishing ideas of how and why it matters, is more prominent.

- ❖ Problem in achieving the organizational goals effectively and economically.
- ❖ Problems in the highest degree of the individual goals.
- ❖ Problem in acting as a change agent to effectively perform new function.
- ❖ Problems of organization development, quality of work life, organizational culture, career planning and development.
- ❖ Problem in upgrade the welfare of the community through individual development,
- ❖ Problem in developing better working relationships and effective utilization of human resource.
- ❖ Problem in long term Human Resource Planning.
- ❖ Problem in effectively managing a multicultural workforce across the difficult global location.
- ❖ Problem in effectively managing a multicultural workforce across the difficult global locations.

## **Objectives of the Study**

The present study is aimed at studying the pivotal role of the BHEL and its recruitment practices in particular and in socio-economic development of the country in general. The work seeks to examine the standards of recruitment practices countrywide by taking into account the benefits and costs of such projects to the national economy. The work may be considered as an important instrument towards the development of recruitment practices in the country as it is one of the modest attempts ever made in India with regard to promotion of various companies. This study has, therefore been ventured in response to a long felt need for a study and research into the role and future desirability of recruitment practices undertaken by the PSUs unit in the development of the country. The work traces the future challenges of the PSUs unit and future thrust area in connection with technology up gradation and optimization of resources for efficient employment of valuable personnel and special reference has been made on BHEL. In framing the design of this study, the following objectives were set up:

1. To review the conceptual framework of the term 'Recruitment Practices' in India and also to discuss its future prospects.
2. To study the Recruitment practices prevalent in the PSUs units in India.
3. To review the overall growth and development of the Public Sector Undertakings in India.
4. To study the Recruitment Practices in BHEL and NTPC in India.
5. To compare the perception of employees regarding various variables of Recruitment Practices in the selected PSUs units in India.
6. To identify the problems and issues and also to suggest remedial measures to improve the Recruitment Practices in the PSUs in India.

## **Hypotheses of the Study**

In order to substantiate the above objectives the following 6 hypotheses have been formulated:

### **Hypothesis (1)**

H<sub>0</sub>: There is no significant difference in the perception of employees on the Recruitment Practices with dimension “Role of human resource department” between BHEL & NTPC Public Sector Undertaking.

H<sub>01</sub>: There is significant difference in the perception of employees on the Recruitment Practices with dimension “Role of human resource department” between BHEL & NTPC Public Sector Undertaking.

### **Hypothesis (2)**

H<sub>0</sub>: There is no significant difference in the perception of employees on the Recruitment Practices with dimension “Recruitment Policies” between BHEL & NTPC Public Sector Undertaking.

H<sub>01</sub>: There is significant difference in the perception of employees on the Recruitment Practices with dimension “Recruitment Policies” between BHEL & NTPC Public Sector Undertaking.

### **Hypothesis (3)**

H<sub>0</sub>: There is no significant difference in the perception of employees on the Recruitment Practices with dimension “Selection” between BHEL & NTPC Public Sector Undertaking.

H<sub>01</sub>: There is significant difference in the perception of employees on the Recruitment Practices with dimension “Selection” between BHEL & NTPC Public Sector Undertaking.

### **Hypothesis (4)**

H<sub>0</sub>: There is no significant difference in the perception of employees on the Recruitment Practices with dimension “Advertising” between BHEL & NTPC Public Sector Undertaking.

H<sub>01</sub>: There is significant difference in the perception of employees on the Recruitment Practices with dimension “Advertising” between BHEL & NTPC Public Sector Undertaking.

### **Hypothesis (5)**

H<sub>0</sub>: There is no significant difference in the perception of employees on the Recruitment Practices with dimension “Short listing” between BHEL & NTPC Public Sector Undertaking.

H<sub>05</sub>: There is significant difference in the perception of employees on the Recruitment Practices with dimension “Short listing” between BHEL & NTPC Public Sector Undertaking.

### **Hypothesis (6)**

H<sub>0</sub>: There is no significant difference in the perception of employees on the Recruitment Practices with dimension “Job Satisfaction” between BHEL & NTPC Public Sector Undertaking.

H<sub>01</sub>: There is significant difference in the perception of employees on the Recruitment Practices with dimension “Job Satisfaction” between BHEL & NTPC Public Sector Undertaking.

## **Research Methodology**

It has been the endeavor of the authors to make an empirical study, by analyzing and critically examining the relevant statistics, collected from primary as well as secondary sources. Primary data have been collected by using structured questionnaire, personal interviews, discussions and observations.

Secondary sources include published and unpublished sources. Published sources are newspapers, reports etc. Unpublished sources viz., the records maintained by the Government, studies undertaken by research institutions, scholars, executives and economists have served the purpose. The BHEL has been selected as an operational area of the present study because it is one of the biggest organizations among corporate entities in India. Secondly; it is a major source of fulfilling to the needs of India’s growing population for employment, besides fetching reasonably

good rate of return. Moreover, it is also expected that the impact of economic reforms of 1991 would be more informative in the case of BHEL than that of any other PSUs because of its greater transparency in its policy programmed implementation and achievements as far as the recruitment practices are concerned. Since the BHEL gives a global outlook, there appears to be much greater scope for successful implementation of both employment opportunities and structural adjustments.

The analysis carried out in the present work is absolutely based on the data or information compiled primary as well as secondary source only. The importance among these sources consists of mainly Annual Reports of BHEL, Memorandum and articles of association of BHEL Personnel Handbook and Delegated Powers, Public Enterprises Survey, Journals and Periodicals, References Books, Newspapers and other published literature available on the subjects. The methods used commonly for processing of data in the present case are both simple as well as sophisticated.

Further, a case study of BHEL, Haridwar have been made on the basis of the information provided by these organizations in order to make the study more concrete and valuable. A comparative study of two units nearly BHEL, NTPC, and special focus has been made on BHEL.

## **Limitations**

Every research initiative has some limitations. This study also has its own share of limitations especially as it deals with abstract and multidimensional concepts like Job Recruitment Practices, which is quite elusive and difficult to measure. The following could be regarded as limitations of this research work.

The present study suffers from the two main limitations. First, the use of public sector is confining to PSUs only, which have been established as government Companies or statutory Corporations excluding those of the private units. The research study was conducted in one selected unit, from Haryana (BHEL) only and this sample might not portray an accurate representation of the public sector scenario on a national level.

Secondly, data was collected from a self-designed questionnaire and some of the respondents were very partial in giving response to it. Certain respondents might have given incorrect information due to shortage of time or ever on account of disinterest. Sometimes, accurate responses might have been withheld if respondents

wanted to present an ideal picture of their organization. In spite of these limitations, the study has great significance for the public sector undertakings as it provides valuable information on HR Practices in the existing Human Resource climate.

The study also highlights how appropriate HR Practices of an organization can have an impact on the, Role of human resource department, Recruitment Policies, Selection, Advertising, Job Satisfaction and Organizational Commitment of its managerial employees. This will have far reaching implications for organizations in terms of specific areas being identified for further development. The industrial organizations can accordingly pay more attention to those aspects of their HR Practices, which have been ignored earlier, but if implemented in letter and spirit both, can generate a healthier climate.

## **Conclusion**

Contrary to the common belief that external recruitment trades off the need for the outside talent with incentives of inside workers, external recruitment can unconditionally improve the performance of a firm. This is because external recruitment, by reducing the marginal return of sabotage by more than that of productive activities, can force the workers to substitute the former for the latter.

As a result, the output of the firm increases. It goes on to show that, if sabotages not a concern of the firm, then external recruitment can still be a valuable practice in recovering incentives. In some cases, the game of promotion tournament might be characterized by a Prisoner's Dilemma, in which the equilibrium with high effort level is Pareto-dominated by a non-equilibrium outcome with low effort level for the players. In that case the workers will have incentives to collude and coordinate on the latter outcome, which gives them higher utility. The firm can break this collusion by introducing external competition. The reason for this is exactly the same after that without external competition, the workers 'will pay no price when they both shirk: When there is external recruitment, they are giving free-rides to outsiders if they collude to shirk.

By investigating the incentive aspect of external recruitment, this paper adds to relatively scant literature regarding strategic approach to recruitment practice. As future research, it greatly enhances understanding of the tournament aspect of

promotion if we can combine the incentive and the traditional adverse selection considerations of external recruitment in an integrated model.

In the end, as in any other realm of social activity, so in research those who fail to meet their legal obligations to others ought to be brought to account for their failures before the law. Better enforcement of existing professional and legal mechanisms, including the use of the recruitment practices where needed, will drive home the message that the integrity of the research process and the protection of human subjects are crucial societal values that are in need of better protection.

This Chapter deals with review of literature and the next chapter is all about the development of Public Sector Undertakings.

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# **Chapter- 3**

## **Development of Public Sector Undertakings**

- ❖ **Introduction**
- ❖ **Miniratna**
- ❖ **Navratna**
- ❖ **Maharatna**
- ❖ **Different types of Public Enterprises**
- ❖ **Product Profile**
- ❖ **List of public sector undertakings in India**
- ❖ **Department of Public Enterprises**
- ❖ **Overview of State Public Sector Undertakings**
- ❖ **Role of Public Sector Enterprise in Indian Economy**
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- ❖ **Causes for the Expansion of Public Enterprise**
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## **Chapter -3**

### **Development of Public Sector Undertaking**

#### **Introduction**

The previous chapter is a comprehensive description about the review of literature, research gap, scope and significance of the study. The chapter also takes into consideration the hypotheses and limitation of the study. The present chapter is devoted to the study of development of public sector undertakings, which includes different types of public enterprises, role of public sector enterprises in Indian economy, objective of public sector enterprises in India. History of public sector undertakings reveals the growth of public sector in India.

Public Sector Undertaking is a term used for the government owned corporation. The term is used to refer the companies in which government either central or state government or both owns more than 51% of stake in company equity ([http:// www.todpoint.com](http://www.todpoint.com)).

Public Sector Undertakings are of recent origin but are deep-rooted and are today playing a vital role in our economy. With the increase in the volume of work and tendency for nationalization, need and necessity of public sector enterprises has considerably increased. It is felt that through those public sector undertakings, effective government control can be run and managed for the welfare of the community as a whole. There cannot be two opinions about the need for establishment of public sector enterprises in the developing countries like India. The private enterprises are always in search of profit and this motive leads them to fields where the returns are high and certain. In the developing countries, this tendency has many drawbacks (<http://www.wikistreeets.com>).

The government-owned corporations play a pivotal role in the economic development of emerging economies because their participation is higher in the industrial and commercial activities of these economies. Resource constraints and limited scope of the private sector in the early stages of development and planning have set the stage for predominance of the public enterprises in these economies.

Thus, public sectors in the leading developing countries of the world play a very important role.

Investments in public sector enterprises have also been greater and have continued to accelerate growth in core sectors of a developing economy. Many times, public enterprises were created to operate in areas of national and international trade, consultancy, inland, and overseas communication and construction services. As a result, overall profits of the public sector have not been restricted to certain sectors. In other words, the public sector is a heterogeneous combination of basic infrastructure industries, industries engaged in providing trade services, consumer goods industries.

Rapid industrialization and infrastructure creation for economic development were the basic rationale behind setting up public enterprises. Governed by this rationale, the public enterprises were set up by the government to ensure easy availability of important articles of mass consumption, and to promote even distribution of income while keeping tabs on prices of vital products. Protection of workers interests was also one of the objectives as large number of enterprises was created from sick private sector enterprises that were taken over. Promoting and ensuring that regions were developed in a balanced manner and earning foreign exchange by promoting import substitutions were some additional reasons for encouraging public enterprises.

In India and China, PSEs were the key catalysts in capital formation in the early stages of industrial development. PSEs hold sizeable share in economic activity of a number of developed and developing economies - France, Japan, Germany, Italy, Australia, South Korea, China, Malaysia, Philippines, Indonesia, Sri Lanka, and India (<http://www.dnb.co.in>).

Depending on their performance, investment capability, etc, PSU's are divided into 3 categories: a) Miniratna , b) Navratna and c) Maharatna (<http://www.todpoint.com>).

## **Miniratna**

Miniratnas have the authority to enter into joint ventures, set subsidiary companies and overseas office with certain conditions. They have been divided into 2 categories on the basis of their capital expenditure allowance.

## **Navratna**

In 1997, the government introduced the Navratna scheme for the 9 identified Central Public Sector Enterprises (CPSEs) that had comparative advantages and to support them in becoming global giants. The board decided to give them additional powers in areas of, capital expenditure, investment in Joint ventures or subsidiaries, mergers and acquisitions and Human Resource Management. These Navratnas were given the authority to invest to a maximum of Rs.1000cr without government approvals.

Later on the number kept on adding every year and now there are 16 Navratnas.

## **Criteria for Navratna Status**

### **Maharatna**

In 2009, the cabinet established a Maharatna status for Central Public Sector Enterprises, which raised the company's investment ceiling from Rs.1000cr to Rs.5000cr. As on April 2011, there are a total of 5 companies which have been awarded the Maharatna status ([http:// www.todpoint.com](http://www.todpoint.com)).

## **Different Types of Public Enterprises**

- ❖ CPSEs (Central Public Sector Enterprises) – Companies where the direct holding of the Central Government or of other CPSEs is 51% or more
- ❖ PSBs (Public Sector Banks) – Banks where the direct holding of the Central/State Government or other PSBs is 51% or more



- ❖ SLPEs (State Level Public Enterprises) – Companies where the direct holding of the State Government or other SLPEs is 51% or more (<http://www.bsepsu.com>).

## **Product Profile**

Public sector enterprises offer a wide range of products and services which include:

- ❖ Manufacturing
- ❖ Steel
- ❖ Heavy machinery
- ❖ Machine tools
- ❖ Instruments
- ❖ Heavy machine building equipment
- ❖ Heavy electrical equipment for thermal and hydel stations
- ❖ Transportation equipment
- ❖ Telecommunication equipment
- ❖ Ships and sub-marines
- ❖ Fertilizers
- ❖ Drugs and pharmaceuticals
- ❖ Petrochemicals
- ❖ Cement
- ❖ Textile
- ❖ Mining of coal and minerals
- ❖ Extraction and refining of crude oil
- ❖ Operation of air, sea, river and road transport
- ❖ National and international trade
- ❖ Consultancy

- ❖ Contract and construction services
- ❖ Inland and overseas telecommunication services
- ❖ Financial services
- ❖ Consumer items such as newsprint, paper and contraceptives
- ❖ Hotel and tourism services

As on 31st May 2012, there were as many as 249 CPSEs (excluding 7 insurance companies). The number of profit making CPSEs increased steadily from 143 CPSEs in 2004-05 to 160 CPSEs in 2007-08. The number of profit making CPSEs, as on 2010-11 stands at 158 with a total profit of Rs. 113770 crores. Different profiles have been shown in Annexure I (Public Enterprise Survey 2010-11).

## **Department of Public Enterprises**

In 52nd Report, the Estimate Committee of 3rd Lok Sabha (1962-67) stressed the need for setting up a centralized coordinating unit, which could also make continuous appraisal of the performance of public enterprises. This led to the setting up of the Bureau of Public Enterprises (BPE) in 1965. Resulting in the reorganization of the ministries or department of the Union

The Government in September, 1985 BPE, a part of the Ministry of Industry. In May 1990, the BPE was made a full-fledged Department and is now known as the Department of Public Enterprises. Presently, it is part of the Ministry of Heavy Industries & Public Enterprises.

As per Allocation of Business Rules of the Government, the following subjects have been allocated to the Department of Public Enterprises:-

- ❖ Bureau of Public Enterprises including Industrial Management pool.
- ❖ Coordination of matters of general policy of non-financial nature affecting all public sector industrial and commercial undertakings.
- ❖ Matters relating to Memorandum of Understanding mechanism of improving the performance of Public Sector Undertakings.

- ❖ Matters relating to Permanent Machinery of Arbitration for the Public Sector Enterprises.
- ❖ Counseling, Retraining and Redeployment of rationalized employees of CPSEs.

The Department of Public Enterprises accordingly plays an important role in formulating policies relating to CPSEs and in framing different guidelines on matters relating to CPSEs. In fulfilling its role, the Department coordinates with other Ministries, CPSEs and concerned organizations. Some of the important tasks of the Department are listed below:-

- ❖ Co-ordination of matters of general policy of non-financial nature relating to public sector enterprises.
- ❖ Issue of Presidential directives and guidelines to public sector enterprises.
- ❖ Formulation of policies, pertaining to public sector enterprises, in areas like board structures, personnel management, improvement, financial management, wage settlement and vigilance management etc.
- ❖ Investiture and review of Navratna or Miniratna or Maharatna status to CPSEs.
- ❖ Policy matters relating to composition of Board of Directors of CPSEs, categorization of top posts and scheduling of CPSEs.
- ❖ Notification of pay scales to Board level executives, below Board level personnel, unionized workers and the DA admissible thereon at periodic intervals.
- ❖ Publication of the annual survey of CPSEs known as Public Enterprises Survey.
- ❖ Memorandum of Understanding (MoU) between the public sector enterprises and the administrative Ministries or Departments.
- ❖ Policy relating to Voluntary Retirement Scheme in CPSEs.

- ❖ Matters relating to Counseling, Retraining and Redeployment Scheme (CRR) for rationalized employees of CPSEs.
- ❖ Matters relating to Board for Reconstruction of Public Sector Enterprises (BRPSE).
- ❖ Matters relating to reservation of posts in the public sector enterprises for certain classes of citizens.
- ❖ Settlement of disputes through Permanent Machinery of Arbitration (PMA) among Public Sector Enterprises and between Public Sector Enterprises and government departments except disputes relating to tax matters.
- ❖ Matters relating to International Centre for Promotion of Enterprises (ICPE).
- ❖ Matters relating to Standing Conference of Public Enterprises (SCOPE).
- ❖ Matters relating to delegation of powers to Board of Directors of CPSEs.

Department of Public Enterprises is headed by a Secretary who is assisted by an establishment with an overall sanctioned strength of 131 officers or personnels.

The Department of Public Enterprises is implementing two Plan Schemes viz. the Scheme of Counseling, Retraining and Redeployment (CRR) for the separated employees of CPSEs and the Scheme of Research, Development and Consultancies on Generic Issues of CPSE. CRR Scheme was implemented from 2001-02 while Scheme of Research, Development and Consultancies on Generic Issues of CPSE was introduced in 2008-09 (<http://dhi.nic.in>).

## **Overview of State Public Sector Undertakings**

The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Andhra Pradesh, the State PSUs occupies an important place in the state economy. The working State PSUs registered a turnover of Rs 44,180 crore for 2008-09 as per

their latest finalized accounts as on September 2009. This turnover was equal to 14.13 per cent of State Gross Domestic Product (GDP) for 2008-09.

Major activities of Andhra Pradesh State PSUs are concentrated in power sector. The working State PSUs including working statutory corporations earned a profit of Rs 701.56 crore in the aggregate for 2008-09 as per their latest finalized accounts. They had employed 2.60 lakh employees as on 31 March 2009. The State PSUs do not include nine Departmental Undertakings (DUs), which carry out commercial operations but are a part of Government departments.

Audit findings of these are incorporated in the Civil Audit Report for the state ([http://aghr.cag.gov.in/commercial 10 \(E\)/ch1.Pdf](http://aghr.cag.gov.in/commercial%20(E)/ch1.Pdf)).

### **Role of Public Sector Enterprise in Indian Economy:**

The public sector has been assigned the important role of achieving one national objective of economic growth with social justice, generating larger social gains and strengthening country's economy by removing regional disparities and promoting balanced development in different parts of the country. The impact of public sector undertakings on the regional development may be assessed in terms of two different components, viz. (A) Direct Impact and (B) Indirect Impact.

Public sector enterprises have rendered useful help and service in the development of human resource in backward areas for changing the traditional character of village life. Investment in human capital is considered an essential ingredient of development planning. Such development is only possible if rural talents are identified properly fed with modern knowledge of relevant science and technology.

A large number of public sector undertakings have been set up in the backward areas or regions or districts in order to capitalize the rural labour by equipping them with vocational education, technical training and managerial skills. The strategy behind this is to transform the unemployed rural people to get self-motivated and self-inspired employment avenues in local economic activities.

Public sector undertakings working as a vehicle of communication have taken the new knowledge to villages and acted as change agents for introducing changes in existing practices, initiating commercial use of appropriate village technologies in agriculture and allied activities, village artisan and handicrafts and local village industry by inducing use of productivity enhancing equipment and light machinery. Apart from the above, a number of public sector undertakings have been taking special interest in setting up community development centers to discharge their social responsibility.

Improvement in economic infrastructure in the backward areas can be provided through the help and active participation of the public sector undertakings. This should broadly cover constructing or improving existing link roads and inside roads in villages to make these accessible by modern means of transport; ensuring that each village is equipped with electricity and power for domestic as well as commercial and industrial use.

Indian public sector constitutes the core of the economy's social and economic development history, since the dawn of Independence in 1947. Rightly, this sector is described as an engine of rural development and social welfare. The enterprises of public sector are unique, when compared to their counterpart in private sector in the sense that the former have to bear greater social obligation apart from displaying good performance to secure reasonable profits, which being an important concern of the private enterprises.

The public sector undertakings emerge very significant in the Indian context by fulfilling various social obligations such as generation of employment for mass, provision of basic infrastructure and public utilities, protecting the consumers from being exploited, promoting backward regions of the country and achieving balanced regional development.

The public sector had received the best attention from the national, planner and Government during the 1960s and 1970s. However, from the late 80s, the public sector enterprises have become objects of controversy and criticism. The great push given to the public sector in the initial Five Year Plans did start to recede. This paradigm shift can be attributed to the overwhelming public orientation, namely to

serve the social purpose than to run them as profit making apparatus as in the private sector (Vaidyanathan & Sundar, 2011).

The public sector in India is composed of a number of segments. The first is government itself i.e. the central, state and local governments; the second category is that of departmental enterprises which are run directly by government departments and are not separately incorporated. This category includes enterprises such as the railways, the post office and the telecommunication system. The third category is of "non-departmental enterprises" which are separately incorporated and run as independent companies. This category includes both manufacturing and non-manufacturing enterprises (<http://www.rakeshmohan.com>).

## **1. Maximizing the Rate of Economic Growth**

Originally, the activity of the public sector enterprises was to be limited to a definite field of basic and key industries of strategic importance. There were certain fields where the private enterprise was shy to operate as they involved huge investment or risk. It was the public sector alone which could build the economic overheads such as power, transport, etc. Since then, the ideological objective of capturing the "commanding heights" by the public-sector has been duly fulfilled, it has succeeded in creating the necessary infrastructural base to sustain industrial growth. It has tremendously boosted the technological capabilities.

The public enterprises have firmly established the foundation for construction of a self-generating industrial economy. During a planned era, the public sector has diversified its activities to cover a wide spectrum of industries. The public sector today has entered into the production of consumer goods such as bread, paper, watches, scooters, T.V. and transistor parts, cement, drugs, etc.

## **2. Development of Capital-Intensive Sector**

Industrial development of a country necessitates the foundation of an infrastructure base. This foundation is provided by the development of capital-intensive industries and the basic infrastructure. The private sector neither has the zeal



nor the capacity to invest in such infrastructural programmes. From this point of view, the public sector has a magnificent record. The State has successfully implemented various schemes of multi-purpose river projects, hydroelectric projects, transport and communication, atomic power, steel, etc. It has vastly contributed in the fields such as nuclear or steel technology, aeronautics, and defence materials, ship-building and so on. It has laid down a good network of transport and communications.

### **3. Development of Agriculture**

The public sector has an important role in the field of agriculture as well. The public sector assists in the manufacture of fertilizers, pesticides, insecticides and mechanical implements used in agriculture. Through the various research institutes the public sector has augmented agricultural productivity by introducing new high-yielding variety of seeds, preventing crop diseases and innovating new agricultural practices.

### **4. Balanced Regional Development**

During pre-independence period a major problem was regional economic disparities. There were certain areas where there was a heavy concentration of industrial activity. On the other hand, there were certain backward areas which went without industries. Industrial development was highly lopsided, but Maharashtra, West Bengal, Gujarat and Tamil Nadu, etc. were highly developed industrially. States like Orissa, Assam, Bihar, Madhya Pradesh etc. were highly backward. Besides, industries used to be gravitated towards the metropolitan areas, rather than the smaller towns. But imbalanced economic development is as bad as underdevelopment.

Through the extension of public sector enterprises the Government desired to remove such regional imbalances. The State, consequently, participated in the industrial growth of the less developed areas by setting up public enterprises. Normally the private sector cannot be induced to start industries in the backward areas. While locating new public enterprises claims of the relatively backward areas are given due consideration. The policy of dispersal of Industries aims at removing



regional disparities. A conscious attempt has been made in the successive five-year plans to accelerate the development of relatively backward areas.

## **5. Development of Ancillary Industries**

Establishment of a few big public enterprises is not enough to unleash forces of industrial development in an area. There are states like Bihar where in spite of lavish public sector investment; industrial development has not been satisfactory. On the other hand, states like Punjab have made a vast progress because of the development of small and ancillary units. This realization made the public sector to take a close interest in the development of small and ancillary units. It is expected that the development of ancillaries would make the way for rapid industrial growth of a region and lead to balanced economic development. The number of such ancillary units was 432 in 1974-75 and the number rose to 888 in 1979-80 with purchases from them increasing from Rs. 29 crores to Rs. 120 crores. It is expected that in future, ancillary development would receive more attention from the Government.

## **6. Increasing Employment Opportunities**

The growth of the public sector has led to the expression of gainful employment opportunities. In addition to the primary effect of the public sector in creating employment opportunities, public sector investments also have a multiplier effect on other sectors of the economy. This has a beneficial effect on the total employment position.

## **7. Model Employer**

R.K. Gupta has observed that in India "the State has inaugurated the era of the model employer in contrast to the employer with a feudal outlook. It has laid down guidelines for employer-employee relations and for developing good and efficient personnel." The public sector has been the pacesetter in the field of labour welfare and social security. The State aims at establishing an industrial democracy which will provide a fair deal to the workers. The public enterprises have been investing liberally

on matters pertaining to labour welfare and social security. Not only the wages have been substantially increased, conditions of service have vastly improved. For instance, wages in the coal industry have nearly trebled since nationalization and many other amenities are also being provided.

## **8. Preventing Concentration of Economic Power**

Preventing private monopolies and concentration of economic power is the avowed objective of our economic policy. Nationalization is considered as an antidote for the concentration of economic power in private hands. In India, the public sector enterprises have grown, both, in number and in strength. Today, the public sector not only occupies the commanding heights in the economy, it has also penetrated into the production of essential consumer goods. The share of the public sector in the overall industrial production, has substantially gone up. This has effectively curbed the concentration of economic power. It has created a countervailing force against the growth of larger industrial houses.

## **9. Export Promotion**

The public sector enterprises are substantially contributing to the country's export earnings. The public sector has built up a reputation abroad in selling plants, heavy equipment, machine tools and other industrial products. It has created goodwill in the third world countries for its consultancy, services and technical knowledge. Public sector exports also include consumer goods. The role of the State Trading Corporation and the Minerals and Metals Trading Corporation has been quite creditable in promoting exports.

## **10. Import Substitution**

The public sector enterprises have succeeded in their efforts in import substitution. Today many commodities starting from basic drugs to highly advanced equipments are manufactured in the public sector, which previously used to be imported from abroad. In certain fields public enterprises were specially started to

reduce imports from abroad and achieve self-sufficiency. Public enterprises like Hindustan Antibiotics Ltd. or Bharat Electronics Ltd. or Hindustan Machine Tools etc., have done a remarkable job in import substitution. This has resulted in saving of precious foreign exchange. Today, there is a special drive in the public enterprises to utilize indigenous materials and domestic skill.

## **11. Production and Sales**

While taking up the production of any goods or services, the private entrepreneur is guided solely by the profit motive. To maximize profit, he even does not hesitate to exploit the consumers. Very often maximization of profit is achieved at the cost of public welfare. It is only the public sector which can produce according to special needs. Sometimes it may even sell at a price lower than its cost. The total turnover of the State-owned manufacturing enterprises and service enterprises amounted to Rs. 2,650 crores in 1969-70. Total turnover of these enterprises increased to Rs. 3644.3 crore in 1981-82. This indicates that the contribution of the public sector to the flow of goods and services in the economy was quite considerable.

## **12. Mobilization of resources**

The public sector undertakings have played an important role in financing the planned development of the country. They have significantly contributed to the Central Exchequer in the form of interest and various taxes, etc. Besides, public enterprises shows an increasing trend in the generation of internal resources. From Rs. 194 crores in 1969-70, it increased to Rs. 5,068 crores in 1986-87. In the total capital formation of the country, more than 50 percent is contributed by the public sector.

## **13. Research and Development**

Today, no country can industrially prosper without research and development. Such research is highly essential for the introduction of new goods and new technologies of production, lowering the cost of production and improving the quality of the product. In this respect, the public sector is playing a crucial role. A lot of

research activities are being carried on in the laboratories of the public sector undertakings.

#### **14. Establishment of a Socialist Pattern**

In India, the public sector was desired to be extended rapidly so as to establish a socialist pattern of economy. There was abject misery and poverty all around prior to the adoption of planning. Through planned efforts it not only wanted rapid economic growth but also social justice. The public enterprises aims at achieving equality of opportunity and reduction of economic inequalities. (<http://www.publishyourarticles.net>).

#### **Role Public Sector Undertakings-General Perspective**

Government of India, as part of its national agenda, i.e. to promote growth, increase in efficiency and international competitiveness, has been continuously framing policies for industrial growth, fiscal, trade and foreign investment to achieve overall socio-economic development of the country. As a result of exceptionally severe balance of payments and fiscal crisis in the year 1991, the government decided to shift to a liberalized economy with greater reliance upon market forces and a larger role for the private sector including foreign direct investment. The Government realized that a strongly developed and growth oriented nation could be built if India grows as part of the world economy and not in isolation.

Thus, liberalizing and deregulatory steps were initiated from the year 1991 onwards, which aimed at supporting growth and integration with the global economy. Since then, the thrust of New Economic Policy has been on progressive reforms such as reduction in the scope of industrial licensing, reforms in the Monopolies and Restrictive Trade Practices Act, reduction of areas reserved exclusively for public sector, disinvestment of equity of selected public sector enterprises, enhancing limits of foreign equity participation in domestic industrial undertakings, liberalization of trade and exchange rate policies, rationalization and reduction of customs and excise duties and personal and corporate income taxes, promoting FDI, investments from

NRIs (Non-Resident Indians), extension of the scope of CENVAT, implementing the VAT regime in States, taking steps to switch over to goods and services tax system w.e.f. 01.04.2010, e-governance and simplification of various procedures, rules and regulations etc. Since the setting up of World Trade Organization (WTO) as an apex body at the international level, to which India is a signatory, the world trade has definitely grown, thereby giving indications that international trade reforms do play an important role in boosting economic development of various countries. Industrial policy has seen a great change with most of the Central Government industrial controls being liquidated.

The Central Public Sector Enterprises (CPSEs) were classified into 'strategic' and 'non-strategic'. Strategic CPSEs were identified in the areas of (a) Arms and Ammunition and the allied items of defense equipments, defence air-crafts and warships; (b) Atomic Energy (except in the areas related to the operation of nuclear power and applications of radiation and radio-isotopes to agriculture, medicine and non-strategic industries); and (c) Railway transport. All other CPSEs were considered as non-strategic. Further, Industrial licensing by the Central Government has been almost abolished except for a few hazardous and environmentally sensitive industries. (<http://dpe.nic.in>).

## **Objectives of Public Sector Enterprises in India**

Although no specific objective is laid down on a 'white paper' or on a national document, One can gather together a set of objectives of the Public Sector from official documents from time to time. The Principal Objectives of Public enterprises are as follows:

- ❖ Help in the rapid economic growth, and industrialisation of the country and creation of the necessary infrastructure for economic development
- ❖ Earn return on investment and thus, generate resources for development
- ❖ Promote redistribution of income and wealth
- ❖ Create employment opportunities

- ❖ Promote balanced regional development
- ❖ Assist in the development of small scale and ancillary industries
- ❖ Promote import substitutions, save and earn foreign exchange for the economy. (<http://shodhganga.inflibnet.ac.in>).

## **Memorandum of Understanding (MoU)**

A MOU was signed by the following 21 CPSEs under DHI with the Government of India for the year 2010-11:

1. Hindustan Paper Corporation Limited (HPC)
2. Nepa Limited (NEPA)
3. Bharat Bhari Udyog Nigam Limited (BBUNL) Holding Company
4. Hindustan Photo Films Manufacturing Co. Limited (HPF)
5. Rajasthan Electronics & Instruments Limited (REIL)
6. Instrumentation Limited, Kota (ILK)
7. HMT Ltd.
8. Tyre Corporation of India Ltd. (TCIL)
9. Scooters India Limited (SIL)
10. Hindustan Salts Limited (HSL)
11. Cement Corporation of India Limited (CCI)
12. Hindustan Cables Limited (HCL)
13. Engineering Projects (India) Ltd. (EPI)
14. Heavy Engineering Corporation (HEC)

15. Bharat pumps & Compressor Limited (BPCL)
16. Richardson and Cruddas Limited (R&C)
17. Bridge & Roof Co. (I) Limited (B&R)
18. Tungabhadra Steel Products Limited (TSPL)
19. Andrew Yule & Co. Ltd. (AYCL)
20. Bharat Heavy Electricals Limited (BHEL)
21. Triveni Structurals Limited (TSL)

MOU documents bring out quantifiable targets in respect of various parameters of performance measures to be taken by the enterprises to achieve these targets and the assistance to be provided by the Government. A High Level Committee under the chairmanship of Cabinet Secretary also evaluates the performance of the MoU signing CPSEs (<http://dhi.nic.in/>).

### **Sick Public Sector Enterprises**

As documented earlier, a relative and orderly process for dealing with sick PSEs has been put in motion and the National Renewal Fund is being set up. However, this is a very complex issue which requires more organized thinking. The quick exit route propagated by many analysts and commentators is not a realistic option. In the case of Germany, for example, the quick privatization and closure route followed by the Freehand is reported to have cost about US \$ 170 billion and the loss of almost half of the existing employment in East German PSEs. Such large fiscal and social costs have been feasible to sustain only the kind of resources available with the Federal Republic of Germany.

The strong social security system of West Germany was extended fully to East Germany. Similarly, China is also facing great difficulty in restructuring of its own loss making PSEs. Recent reports suggest that as open unemployment is making its presence felt in the urban areas of China, the Government is increasingly reluctant to



add to such unemployment by a wholesale retrenchment of the surplus work force in the PSEs. The rise in inflation is being attributed in increasing fiscal deficit suffered by the Government as it pumps in resources to keep up employment in loss making overmanned PSEs. The problem in India is, on the one hand, not as serious as in these countries because PSEs form only a small part of the total industrial economy.

On the other hand, the low income level of the country and the lack of a social security system, dealing with large layoffs in the organized sector is not politically or socially sustainable. The problems are somewhat exacerbated with the relative concentration of sick PSEs in the Eastern region of India. About half of the employees in sick PSEs are in the Eastern region of the country. This proportion increases to almost two thirds if the loss making non sick PSEs are added. The response to this complex issue, therefore, has to be carefully engineered and sensitively implemented.

As the BIFR process unfolds concentrated attention on the areas where industrial distress is likely to take place is required. The National Renewal Fund mechanism could be strengthened either in its existing form or if it is found to be inadequate, new mechanisms could be organized. This would need a combination of reasonably generous compensation payments to workers, counseling, retraining and redeployment, along with focused programmes of employment generation through industrial regeneration. The skills embodied in these industrial workers must be seen as assets which need better utilization. With the rising trend of industrial investment and production overall, it should also be feasible to encourage new industrial investment in the areas that are most affected by industrial distress. If there is clear recognition of the desirability of eventual closure of essentially bankrupt enterprises, it would be feasible to organize a time bound realistic programme of restructuring which would take care of the industrial issues arising from such closures as well as the welfare issues with regard to labour. For the future, a self financing unemployment insurance fund is a necessity for continuous labor restructure. (<http://www.rakeshmohan.com>).



## History of Public Sector Undertakings

Navratna was the title given originally to nine Public Sector Enterprises identified by the Government of India in 1997 as public sector companies that have comparative advantages, giving them greater autonomy to compete in the global market so as to "support them in their drive to become global giants". The number of PSEs having Navratna status has been raised to 16, the most recent addition being Oil India Limited.

PSU companies are divided into three categories:

- ❖ Maharatna
- ❖ Navratna
- ❖ Miniratna CPSEs
- ❖ Category I
- ❖ Category II
- ❖ Maharatna status

In 2009, the government established the Maharatna status, which raises a company's investment ceiling from Rs. 1,000 crore to Rs. 5,000 crore. The Maharatna firms can decide on investments of up to 15 per cent of their net worth in a project and the Navaratna companies could invest up to Rs 1,000 crore without explicit government approval.

### Criteria

The six criteria for eligibility as Maharatna are:

- ❖ Having Navratna status.
- ❖ Listed on Indian stock exchange with minimum prescribed public shareholding under SEBI regulations.
- ❖ An average annual turnover of more than Rs. 20,000 crore during the last 3 years. Earlier it was Rs 25,000 Crore.
- ❖ An average annual net worth of more than Rs. 10,000 crore during the last 3 years. Earlier, it was Rs. 15,000 crore.
- ❖ An average annual net profit after tax of more than Rs. 2500 crore during the last 3 years. Earlier, it was Rs. 5000 crore.
- ❖ Should have significant global presence or international operations.

### **List of Maharatna**

- ❖ Coal India Limited
- ❖ Indian Oil Corporation Limited
- ❖ NTPC Limited
- ❖ Oil and Natural Gas Corporation Limited
- ❖ Steel Authority of India Limited

### **Navratna status**

Navratna was the title given originally to nine Public Sector Enterprises (PSEs), identified by the Government of India in 1997 as having comparative advantages, which allowed them greater autonomy to compete in the global market. The number of PSEs having Navratna status has been raised to 16. The government is likely to accord the coveted status to mishra dhati nigam limited, which is under consideration.

### **List of NAVRATNAs**

- ❖ Bharat Heavy Electricals Limited
- ❖ Bharat Electronics Limited
- ❖ Bharat Petroleum Corporation Limited
- ❖ Hindustan Aeronautics Limited
- ❖ Hindustan Petroleum Corporation Limited
- ❖ Mahanagar Telephone Nigam Limited
- ❖ National Aluminium Company Limited
- ❖ National Mineral Development Corporation Limited
- ❖ Neyveli Lignite Corporation Limited
- ❖ Oil India Limited
- ❖ Power Finance Corporation Limited
- ❖ Power Grid Corporation of India Limited
- ❖ Rashtriya Ispat Nigam Limited
- ❖ Rural Electrification Corporation Limited
- ❖ Shipping Corporation of India Limited
- ❖ Gas Authority of India Limited

## **Miniratna Status**

In addition, the government created another category called Miniratna. Miniratnas can also enter into joint ventures, set subsidiary companies and overseas offices but with certain conditions. In 2002, there were 61 government enterprises that were awarded Miniratna status. However, at present, there are 68 government enterprises that were awarded Miniratna status.

### **Category I**

This designation applies to PSEs that have made profits continuously for the last three years or earned a net profit of Rs. 30 crore or more in one of the three years. These miniratnas granted certain autonomy like incurring capital expenditure without government approval up to Rs. 500 crore or equal to their net worth, whichever is lower.

- ❖ Projects & Development India limited
- ❖ Airports Authority of India
- ❖ Antrix Corporation Limited
- ❖ Balmer Lawrie & Co. Limited
- ❖ Bharat Dynamics Limited
- ❖ BEML Limited
- ❖ Bharat Sanchar Nigam Limited
- ❖ Bridge & Roof Company (India) Limited
- ❖ Central Warehousing Corporation
- ❖ Central Coalfields Limited
- ❖ Chennai Petroleum Corporation Limited
- ❖ Cochin Shipyard Limited
- ❖ Container Corporation of India Limited
- ❖ Dredging Corporation of India Limited
- ❖ Engineers India Limited
- ❖ Ennore Port Limited
- ❖ Garden Reach Shipbuilders & Engineers Limited
- ❖ Goa Shipyard Limited

- ❖ Hindustan Copper Limited
- ❖ HLL Life care Limited
- ❖ Hindustan Newsprint Limited
- ❖ Hindustan Paper Corporation Limited
- ❖ Housing and Urban Development Corporation
- ❖ India Tourism Development Corporation
- ❖ Indian Railway Catering and Tourism Corporation
- ❖ IRCON International Limited
- ❖ Kudremukh Iron Ore Company Limited.
- ❖ Mazagaon Dock Limited
- ❖ Mahanadi Coalfields Limited
- ❖ Manganese Ore (India) Limited
- ❖ Mangalore Refinery and Petrochemicals Limited
- ❖ Mishra Dhatu Nigam Limited
- ❖ Minerals and Metals Trading Corporation of India
- ❖ MSTC Limited
- ❖ National Fertilizers Limited
- ❖ National Seeds Corporation Limited
- ❖ NHPC Limited
- ❖ Northern Coalfields Limited
- ❖ Numaligarh Refinery Limited
- ❖ ONGC Videsh Limited
- ❖ Pawan Hans Helicopters
- ❖ Rashtriya Chemicals & Fertilizers Limited
- ❖ RITES Limited
- ❖ Satluj Jal Vidyut Nigam
- ❖ Security Printing and Minting Corporation of India Limited
- ❖ South Eastern Coalfields Limited
- ❖ State Trading Corporation of India Limited
- ❖ Tehri Hydro Development Corporation Limited
- ❖ Telecommunications Consultants (India) Limited
- ❖ Western Coalfields Limited

- ❖ Water & Power Consultancy (India) Limited
- ❖ RailTel Corporation of India Ltd.
- ❖ Broadcast Engineering Consultants (I) Limited
- ❖ Central Mine Planning & Design Institute Limited
- ❖ Ed.CIL (India) Limited
- ❖ Engineering Projects (India) Limited
- ❖ FCI Aravali Gypsum & Minerals India Limited
- ❖ Ferro Scrap Nigam Limited
- ❖ HMT (International) Limited
- ❖ HSCC (India) Limited
- ❖ India Trade Promotion Organisation
- ❖ Indian Medicines & Pharmaceuticals Corporation Limited
- ❖ M E C O N Limited
- ❖ National Film Development Corporation Limited
- ❖ National Small Industries Corporation Limited
- ❖ P E C Limited 67. Rajasthan Electronics & Instruments Limited  
([www.wikipedia.com](http://www.wikipedia.com)).

## **Growth of Public Sector in India**

At the time of Independence, India was basically an agricultural economy with weak industrial base, low level of savings and Investment and lacks infrastructure. A vast majority of population was extremely poor. There were considerable inequalities in income, employment opportunities were low and serious regional imbalances were noticeable in economic attainments. It was felt obvious that if the Country was to speed up its economic growth and maintain it in the long run at steady level, a big 'push' with State Initiative is an essential pre-requisite. Besides, the Industrial Policy Resolution, 1948 laid down that the manufacture of arms and ammunition, the production and control of Atomic energy, ownership and management of Railway Transport should be in exclusive monopoly of the Central Government. By doing so, it has sown the seeds for the growth of Public sector.

The Constitution of India, adopted on 26th January 1950, directs the State under Article 39(b) and (c) to secure that the ownership and control of the material

resources of the community are so distributed as best to sub serve the common good and that system does not result in the concentration of wealth and means of production to the common detriment. (<http://shodhganga.inflibnet.ac.in>).

### **Problems Faced By Public Sector Enterprises in India**

The most important criticism levied against the Public Sector has been that, in relation to the capital employed, the level of profits has been too low. Even the Government of India has criticized the performance of the Public Sector Enterprises. For Instance, the Eighth Five Year Plan notes that the Public Sector has been unable to generate adequate resources for sustaining the growth process. Moreover, the poor performance in Public Sector Enterprises is due to a host of problems which may be classified into financial and non-financial problems based on various studies. Some of the problems can be enlisted as follows:

- I. Under utilization of installed capacity is a major reason for the low level of profitability and poor performance in Public Sector Enterprises particularly in case of capital intensive units. A large number of these enterprises have operated less than 50 per cent of their capacity for a number of years. It affected the operational efficiency of the enterprises.
- II. Generally, prices are determined at a level that would cover total cost and provide a sufficient net return over and above this. As against this, the pricing policy is determined by the political and social objectives rather than financial objectives Lack of rational pricing policy has resulted in poor profitability and has left little profits for financing the expansion programme.
- III. Most Public Sector Enterprises are over-capitalized and hence, productivity of capital is low due to poor planning heavy expenditure during construction and wrong selection of project sites and allocation of funds on non-productive heads.
- IV. Excessive dependence on external sources of fund and consequent Interest payment obligations affected the commercial viability of most Public Sector

- enterprises. The poor generation of internal source is attributed to the poor financial performance of these Enterprise.
- V. Poor planning and delay in implementation of projects resulted in raise in the cost of the project. Cost escalation was due to changes in project sites. Sometimes, due to a belated recognition of product mix that IS unsuitable to Indian market conditions. The projects behind the schedule is leading to the making of most project nonviable.
  - VI. The Failure to get adequate return on the huge Public Sector Investment has been a major contributing factor towards the recent fiscal and foreign exchange crisis which has put severe strains on the Indian economy.
  - VII. Lack of autonomy and political considerations filling top management position\ and frequent interference in to the affairs of day to day administration by respective ministries reduced the flexibility in taking up commercially viable decisions and thereby include large amount of opportunity losses.

Thus, it is evident that Public Sector Enterprises were incurring losses continuously due to the presence of numerous financial and non-financial problems. Besides, one essential cause for the losses incurred by these enterprises is the poor operating and financial performance of these enterprises at the same time. Policy makers, bureaucrats, managers and also researchers have not given due weightage and importance on this problem. Hence, this present study is planned to explore in to this dimension. (<http://shodhganga.inflibnet.ac.in>).

## **Challenges and Solutions in the Public Sector**

The public sector industry is rapidly transforming. Many reforms take place to anticipate on several challenges. At the moment, several trends can be detected within the public sector. The origin of these trends can be found in the ongoing introduction of public management methods and tools within the public sector. The government of the future will be an effective, cost efficient and accountable government that delivers high quality services.

Deloitte offers and solutions for all government levels have faced the same set of challenges. The Deloitte experts have build up a specific knowledge and expertise on the public sector industry which is an essential key driver for a successful implementation.

### **1. More Attention towards Policy Preparation and Evaluation**

If governments want to have major impact, they need to take decisions based on well thought visions. They have to understand the current day situation, the potential needs evolutions and the agendas of all relevant stakeholders. Based on scenario building, they have to take decisions on pursued strategy to build the platforms to execute and monitor the outcomes and the impact of the government role.

#### **Solution: Policy Preparation and Evaluation**

Deloitte has a team of policy advisors experienced in the preparation as well as the evaluation of policies. The team specialized in evaluation methodologies on one hand and in specific domains such as health care, home land security, food safety and innovation on the other hand.

### **2. More Regulatory Impact in a Complex Society**

An effective government is a good instrument that safeguard the wellbeing in our society. The complex society needs an intelligent government that supports opportunities for further growth towards a harmonious organization and an effective and safe society. Regulatory issues should have a positive impact on these ambitions.

#### **Solution: Regulation Impact Strategies**

Deloitte has a team of high profiles capable to elaborate effective and efficient solutions with impact and adapted for a complex, flexible and ever changing society.

### **3. New Delivery via Partnerships**

Volumes of activities, industrial production methods and the complexity of the industrial society has a consequence that governments can no longer have the monopoly in safeguarding security on products and services and protection of the rights of the citizens.



Government can no longer have the ambition to accumulate all needed knowledge and budgets. To safeguard the positive impact, the governments have to elaborate new collaboration models with different stakeholders and private partners. Controlled trust and respect instead of distrust should be the main driver in the relation between government, citizens and companies.

#### **Solutions: PPP and other collaboration models**

PPP is today established as a means for public service delivery. Deloitte is involved in the organization and advisory of important PPP structures. In case of inspection activities, government has to create partnerships with loyal enterprises.

#### **4. Be a Role Model in Compliance**

Not only citizens and companies, but also governments have to be compliance with all rules and regulations set out by the European Union, National, Regional and local political bodies. All administrations should comply with all stipulations in domains as tax, financial reporting, privacy regulations, specific administrative laws and regulations.

**Solutions:** Statuary audit and compliance audit in tax, legal and administrative regulated domains.

Deloitte has a multi disciplinary team with deep expertise in complex statutory audits for large public and private organizations, hospitals and non for profit organizations.

With the legal, tax and financial government experts Deloitte can build a standardized approach in compliance testing and advisory in the all strategic domains with compliance issues, be it social and financial reporting, tax, privacy regulations, services directives and other administrative regulations and reporting needs.

#### **5. Attention on Good Government Governance**

Reliability, transparency and accountability are key words for a government with visible impact in very skeptical and media oriented society.

Identification of clear objectives, development of transparent processes, adapted checks and balances, accountability and communication should be close at heart for all administrations.

### **Solutions: Evaluation and Advisory on Governance and Internal Audit**

Based on the global expertise, the team developed a multi disciplinary methodology to scan the level of good governance of government bodies. Based on the best practice models, they can elaborate adapted governance models, on the strategic level as well as on the operational level. Deloitte has a team of expertise implementing internal audits within the public sector environment.

### **6. Integration of Risk Management and Business Continuity Planning**

Relevant governments should manage in a professional way. A good and formalized view on the different risks and risk levels is important. These insights should steer the strategic planning and management cycles within the administrations. Also relevant government bodies should make a business continuity plan to “stay in business” in all circumstances

### **Solutions: Risk Management and Business Continuity Planning**

For many years, Deloitte plays a prominent role in the development of the concepts of risk management and business continuity planning. The private sector expertise has been translated towards the public sector.

### **7. Building the Public Sector Landscape of the Future**

To increase impact in society, to perform in an efficient way and to cope with the complexity of products and services, administrators are developing new concepts of open organization, new collaboration models between administrations of similar level, between administrations of different governance levels and between public and private organizations will have an impact on the organizations design of the overall public sector. They refer concepts as PPP, auto control systems, contracting with industries. They refer as well to new functionalities in domains as CRM and inspection of data mining activities overlapping different administrations and aiming at more accurate risk approach. They all have to be positioned within the government structures.

### **Solutions: Strategic Organization Design and shared Services**

Due to depth view of the public sector based on good practice models in other countries. They can assist the governments in the strategic organization design of the

public sector and the creation of shared services in domains as HR and Finance Procurement.

In domains as health care, home land security and financial industry, they have experience on how to organize the related government bodies and how to create added value communities integrating the related government bodies and external stakeholders.

## **8. Design of Efficient Processes**

All administrations do have a continued need for optimizing the processes adapting to the specific strategy, legal changes, innovation, new services and delivery models.

### **Solution: BPM and Process Engineering**

Deloitte has a long standing reputation in process engineering within all levels of government. They integrate the deep insights in all functional processes in public sector HR, ICT, Finance, CRM, Procurement, internal communication and inspections services.

Based on our important involvement in different engineering exercises we have good views on all process flows within the local sector.

During the design of the processes, they integrate the insights in legal aspects (eg privacy), best practices and risk management. They document the processes in adapted BPM tools.

## **9. Manage the Complexity**

A relevant government is launching new ideas and projects. Within the concept of the networking government, these projects are becoming more and more complex. More stakeholders and complex ICT solutions have attention on internal and external communication.

### **Solution: Project Management**

Deloitte Belgium had the opportunity to build an important experience in the management of complex projects for the private sector and the European Union. They combine this knowledge with the experience .Deloitte has built in the management of large scale government programs in different countries.

## **10. Implement Efficiency**

An efficient government should look for standardized solutions in domains as finance, human resources, CRM and procurement adapted to the specific public sector environment.

### **Solution: ERP solutions**

Deloitte Belgium has been involved in the implementation of ERP systems for the public sector on different levels of administration. They are building further on the standardized solutions, integrating the latest technologies and the multi disciplinary competencies (risk management, tax and legal).

### **Solution: Accounting and Administrative Support**

The integrated service offering is supporting governments in running their administrative.

(<http://www.deloitte.com>)

## **Causes for the Expansion of Public Enterprise**

At the time of independence, India was backward and underdeveloped basically an agrarian economy with weak industrial base, high rate of unemployment, low level of savings and investment and near absence of infrastructural facilities. Indian economy needed a big push. This push could not come from the private sector because of the lack of funds and their inability to take risk with large long-gestation investments.

As such, government intervention through public sector was necessary for self-reliant economic growth, to diversify the economy and to overcome economic and social backwardness.

The rationale or causes for the expansion of public sector enterprises in India are discussed below:

1. **Rate of Economic Development and Public Enterprises:** The justification for public enterprises in India was based on the fact that the targeted rate of economic growth planned by the government was much higher than could be achieved by the private sector alone. In other words, the public sector was

essential to realize the target of high growth rate deliberately fixed by the government.

2. **Pattern of Resource Allocation and Public Enterprises:** Another reason for the expansion of the public sector lies in the pattern of resources allocation decided upon under the plans. In the Second Plan, the emphasis was shifted to industries mining, and mainly basic capital goods industries to be developed under the aegis of the public sector. Thus, more resources for industrialization were funneled through the public sector.
3. **Removal of Regional Disparities through Public Enterprises:** Another important reason for the expansion of the public sector was the need for balanced development in different parts of the country and to see that there were no serious regional disparities. Public enterprises were set up in those regions which were underdeveloped and where local resources were not adequate. Good examples are the setting up of the three steel plants of Bhilai, Rourkela and Durgapur and the Neyveli Project in Madras which were meant to help industrialize the regions surrounding the projects.
4. **Sources of Funds for Economic Development:** Initially, state was an important source of funds for development. The surplus of government enterprises could be re-invested in the same industries or used for the establishment and expansion of other industries. Profits of public sector industries can be directly used for capital formation which is necessary for the rapid development of the country.
5. **Socialistic Pattern of Society:** The socialistic pattern of society envisaged in the Constitution calls for expansion of public sector. The production will have to be centrally planned as regards the type of goods to be produced, the volume of output and the timing of their production. Besides, one of the objectives of the directive principles of the Indian Constitution is to bring about reduction of the inequalities of income and wealth and to establish an egalitarian society. The Five Year Plans have taken this up as a major objective of planning. The public enterprises were used as major instruments for the reduction of inequalities of income and to bring about a more equitable distribution of income in several ways.

6. Limitations and Abuses of the Private Sector: The behavior and attitude of the private sector itself was an important factor responsible for the expansion of the public sector in the country. In many cases, the private sector could not take initiatives because of the lack of funds and their inability to take risk with large long-gestation investments. In a number of cases, the government was forced to take over a private sector industry or industrial units either in the interest of workers or to prevent excessive exploitation of consumers. Very often, the private sector did not function as it should and did not carry out its social responsibilities. Accordingly, the government was forced to take over or nationalize the private sector units.
7. To sum up, the expansion of the public sector was aimed at the fulfillment of the national goals, viz., the removal of poverty, the attainment of self-reliance, reduction in inequalities of income, expansion of employment opportunities, removal of regional imbalances, acceleration of the pace of agricultural and industrial development, to reduce concentration of ownership, prevent growth of monopolistic tendencies by acting as effective countervailing power to the private sector, to make the country self-reliant in modern technology and create professional, technological and managerial cadres so as to ultimately rid the country from dependence on foreign aid. (<http://www.trcollege.net>).

This Chapter deals with the development of Public Sector Undertakings. The succeeding chapter deals with a profile of Public Sector Undertakings- A case study of BHEL.

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**Chapter- 4**

**A Profile of Public Sector**

**Undertaking- A Case**

**Study of BHEL**



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- ❖ **BHEL – A Profile**
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## **Chapter- 4**

### **A Profile of Public Sector Undertaking- A Case Study of BHEL**

#### **Introduction**

The previous chapter dealt with the development of public sector undertakings. The chapter also dealt with the different types of public enterprises, role of public sector enterprises in Indian economy, objective of public sector enterprises in India and history of public sector undertakings growth of public sector in India. The present chapter is devoted to the profile of public sector undertaking –a case study of BHEL.

The public sector has played a pivotal role in the planned economic and industrial development of the country. For the purpose of planning and national accounting, public sector in India includes all activities funded out of Governments budget. The objectives of the industrial policy were derived from the Directive Principles of State Policy in the Constitution of India. It states that the objective of the State was to promote the welfare of the people by the creation of a social order based on social, economic and political justice. One of the fundamental decisions that Jawaharlal Nehru took, after he became the Prime Minister was structuring the economy on a mixed pattern in which both the public and private sectors participated and had their roles demarcated.

The Public Sector Undertakings evolved in India after the attainment of Independence in 1947. The Railways, the Post and Telegraph Department, the Port Trusts, the Ordnance and Aircraft Factories and a few State managed undertakings, like the government salt factories, quinine factories, were some of the public sector undertakings. At the time of independence, India had an agrarian economy with a weak industrial base, low level of saving and investment and near absence of infrastructure facilities. Towards this endeavor, nationalization of some of the industrial, banking and insurance units was undertaken. The expansion of the public sector was undertaken as an integral part of the industrial policy in 1956. The

Industrial Policy Resolution stated that the State will progressively assume predominance and direct responsibility for setting up new industrial undertakings and for developing transport facilities (Nishant, 2009).

BHEL is an integrated power plant equipment manufacturer and one of the largest engineering and manufacturing companies in India in terms of turnover.

BHEL is engaged in the design, engineering, manufacture, construction, testing, commissioning and servicing of a wide range of products and services for the core sectors of the economy, viz. Power, Transmission, Industry, Transportation, Renewable Energy, Oil, Gas and defense. It has 15 manufacturing divisions, two repair units, four regional offices, eight service centres and 15 regional centres. It currently operates at more than 150 project sites across India and abroad. It places strong emphasis on innovation and creative development of new technologies. BHEL research and development efforts are aimed not only at improving the performance and efficiency of its existing products, but also at using state-of-the-art technologies and processes to develop new products. This enables BHEL to have a strong customer orientation, to be sensitive to their needs and respond quickly to the changes in the market.

The high level of quality and reliability of BHEL products is due to adherence to international standards by acquiring and adapting some of the best technologies from leading companies in the world including General Electric Company, Siemens AG and Mitsubishi Heavy Industries Ltd. together with technologies developed in the Research and Development centre.

Most of the manufacturing units and other entities have been accredited to Quality Management Systems, Environmental Management Systems and Occupational Health and Safety Management Systems. It has a share of 59% in India's total installed generating capacity contributing 69% to the total power generated from utility sets as on March 31, 2012.

BHEL has been exporting the power and industry segment products and services for over 40 years. BHEL's global references are spread across 75 countries. The cumulative overseas installed capacity of BHEL manufactured power plants

exceeds 9,000 MW across 21 countries including Malaysia, Oman, Iraq, the UAE, Bhutan, Egypt and New Zealand.

BHEL work with a vision of becoming a global engineering enterprise providing solutions for a better tomorrow.

The greatest strength of BHEL is its highly skilled and committed workforce of 49,390 employees. Every employee is given an equal opportunity to develop himself and herself and grow in his or her career. Continuous training and retraining. Career planning, a positive work culture and participative style of management - all these have engendered development of a committed and motivated workforce setting new benchmarks in terms of productivity, quality and responsiveness (<http://www.bhel.com/about.php>).

BHEL is the largest engineering and manufacturing enterprises in India in the energy related infrastructure sector today. BHEL has ushered in the indigenous Heavy Electrical Equipment industry in India-a dream that has been more than realized with a well recognized track record of performance.

BHEL has over the years established its references in 68 countries of the world spanning across all the continents .In India alone, BHEL has 14 manufacturing units, 4 power sectors regional centers ,15 business offices for manufacture over 180 products under 30 major product groups besides a large number of projects sites spread all over India and abroad. This enables the Company to provide high level of quality and reliability of its products at prompt time and also to be closed to its customers and cater to their specialized needs with total solution efficiently and economically The High level of Quality and reliability of its products is due to the emphasis on design.

The company is also forgoing strategic alliances by way of Joint Venture to leverage equipment sales in the supercritical technology domain. Companies like National Thermal Power Corporation, Nuclear Power Corporation of India Ltd. Tamil Nadu electricity Board, Karnataka Power Corporation Ltd, Gujarat State Electricity Corporation Ltd, Bharat Electronics Ltd Heavy Engineering Corporation Ltd and many others have become BHEL's esteemed partners in these ventures. (Shah, & Bhaskar, 2009).

## **BHEL – A Profile**

The Heavy Electrical Equipment Plant located in Haridwar, is one of the major manufacturing plants of BHEL. The core business of HEEP include and manufacture of large steam and gas turbines, turbo generators, design hydro turbines and generators, hydro turbines and generators, large AC or DC motors and so on. Heavy Electrical Equipment Plant includes 7467 strong highly skilled technicians, engineers, specialists and professional experts. It is one of the four major manufacturing units of the BHEL. With turnover of 164059 lakhs PBT of Rs.32489 lakhs, HEEP added 3000 MW of power to the National grid during 2005-06. HEEP is engaged in the manufacture of Thermal and Nuclear Sets up to 1000MW, Hydro Sets up to HT Runner dial 6300mm, associated Apparatus Control gears, AC and DC Electrical machines and large size Gas Turbine of 60- 200 MW.

HEEP Hardwar contributes about 44% of India's total installed capacity for power generation with total capacity of Thermal, Nuclear and Hydro Sets of over 45000MW currently working at a Plant Load Factor of 76% and Operational Availability of 86%. In spite of acute recession in economy, BHEL Haridwar received recent orders for Mejia-5 and 6, Sipat, Bhatinda, Chandrapur Bakreshwar, Santali, Bhilai, and Dholpur.

Bharat Heavy Electrical Limited, BHEL is a Public Sector Giant of Navratna Status. It meets the need of a variety of infra-structure sectors like Power Generation, Transmission and Distribution, Transportation, Traction, Electricals and Controls Telecommunications and various basic industries. BHEL is the largest engineering and manufacturing enterprises in India in the energy related or infrastructure sector today. It is one of its kinds in India that has been the market leader in its core business area.

BHEL is one of the leading international companies in the field of power equipment manufacture. The first plant was set up at Bhopal in 1956, which signaled the dawn of the Heavy electrical industries in India .In the early sixties, three major plants were set up at Haridwar, Hyderabad and Tiruchirappalli that form the core of the diversified product range, system and services that BHEL offers today. Thus, BHEL set up to bridge the gap between demand and supply of power generation , has

developed capabilities in design ,manufacture, supply, erection and commissioning of power plants equipment for thermal ,hydro and nuclear power stations.

BHEL plans to be Rs.45000 Crores Company by 2011-12 and Rs.90, 000 Crores Company by 2016-17. BHEL is the only PSU among the 12 Indian Companies to figure in “Forbes Asian Fabulous 50” list. Bharat Heavy Electrical Limited was incorporated in the year 1964 to cope up with the increasing demand for a higher range of Heavy electrical equipment. Prior to this, Heavy Electrical India Ltd was incorporated during the second plan period for the manufacture of Heavy electrical and the product range of its unit in Bhopal included turbines and generators for generation of power, transformers and switchgear for transmission of power and industrial and tractions motors and controls rectifiers etc. for utilization of power.

BHEL cater to core sectors of the Indian Economy viz Power Generation and Transmission, Industry, Transportation, Telecommunication, Renewable energy, Defences, etc. The wide network of BHEL consist of of 14 manufacturing divisions, four Power Sector regional centers, over 100 project sites, eight service centers and 18 regional offices that enables the company to promptly serve its customers and provide them with suitable products, systems and services efficiently and at competitive prices.

BHEL has already attained ISO 9000 certification for quality management and ISO 14001 certification for environment management. BHEL’s growth has been rather rapid and within a space of a decade, it had accumulated technical expertise of a sophisticated nature and stood poised to fulfill the needs of the power sector. Its range of products included steam turbines and turbo alternators of unit sizes, 100mw and 200mw and above, hydraulic turbines and generators, traction motors, turbo sets for power stations and industries together with auxiliary equipment, turbo compressors for fertilizers and chemical industries, air blasts circuit breakers up to 400 kv, minimum oil circuit breakers. high pressure boilers, thermal water treatment plants, and high pressure steam.

Thus, it is one of the leading public sector companies. With an export presence in more than 50 countries, BHEL is truly India’s industrial ambassador to the world. In recognition of its record of consistent profitability over the years, the government

of India had conferred on its 'NAVRATNA' status in 1997. BHEL has successfully undertaken turnkey projects on its own and possesses the requisite flexibility to interface and complement international companies for large projects, and has also exhibited adaptability by manufacturing and supplying intermediate products to the design of other manufacturers and original equipment manufacturers. The success in the area of rehabilitation and life extension of power projects has established BHEL as a reliable alternative to the OEMs for such power plants.

### **Power Generation**

BHEL in Power generation sector comprises thermal, gas, hydro, and nuclear power plant business.

### **Transmission and distribution**

BHEL offers wide ranging products and system for Transmission and Distribution applications. Products manufactured include power transformers, instruments transformers, dry type transformer, series and shunt reactors, capacitor banks, vacuum and SF6 circuit breakers, gas insulated switchgears and insulators.

### **Industries**

BHEL is a major contributor of equipment and systems to industries, cement, sugar, fertilizers, refineries, petrochemicals, paper, oil and gas metallurgical and other process industries. The range of systems and equipment supplied includes captive power plants, co-generation plants, DG power plants, industrial steam turbines, industrial boilers and auxiliaries, waste heat recovery boilers, gas turbines, heat exchangers and pressure vessels, centrifugal compressors, electrical machines, pumps, valves, seamless steel tubes, electrostatic precipitators, fabric filters, reactors, fluidized bed combustion boilers, chemical recovery boilers and process controls.

### **Transportation**

BHEL is involved in the development, design, engineering, marketing, production, installation, and maintenance and after sales service of rolling stock and traction propulsion systems. BHEL manufactures electric locomotives up to 5000

HP, diesel electric locomotives from 350 HP to 3100 HP, both for mainline and shunting duty applications .It also produces rolling stock for special applications viz overhead equipment cars, special well wagons and rail cum road vehicle.

### **Telecommunication**

BHEL also caters to Telecommunication Sectors by way of small, medium and large switching systems.

### **Renewable Energy**

*Technologies that can be offered by BHEL for exploiting non-conventional and renewable sources of energy include wind electric generators, solar photovoltaic systems, solar heating systems, solar lanterns and battery powered road vehicles.*

### **International Operations**

BHEL is one of the largest exporters of engineering products and services from India ranking among the major power plant equipment suppliers in the world.

### **Products of BHEL**

1. Thermal power plants
2. Nuclear power plants
3. Gas Based power plants
4. Hydro power plants
5. Dg power plants
6. Industrial sets
7. Boilers
8. Boiler Auxiliaries
9. Piping System
10. Heat exchangers and pressure
11. Vessels
12. Pumps
13. Power station Control equipment
14. Switchgear
15. Bus Ducts



16. Transformer
17. Industrial and special ceramics
18. Capacitors
19. Energy Meters
20. Electrical Machines
21. Compressors
22. Control Gear
23. Silicon Rectifiers
24. Thyristor GTO/ IGBT equipments
25. Power Devices
26. Transportation equipments
27. Oil Field equipments
28. Castings and Forgings
29. Steams Steel Tubes
30. Distributed power Generation and Small Hydro Plant
31. Systems and Services (Annul Report “BHEL”, 2005-2006).

## **Technology Upgradation, Research and Development**

BHEL's products and systems are intensive technology and Research and Development technology is of strategic importance in its endeavour to become an all inclusive engineering enterprise. During the year, BHEL has invested R 982 Crore on Research and Development efforts which are 18 % higher than previous year. A turnover of R 7809 Crore was achieved through products and systems developed in house, an increase of 23% over the previous year.

A total of 91 patents and copyrights were granted during the year enhancing the intellectual capital to 1,438 patents and copyrights.

Significantly, BHEL was ranked as the number one company in terms of filing patents and second highest investor in Research and Development in India by Economic Times Intelligence Group. The company won the coveted CII-Thompson Reuters Innovation Award-2010 in the 'Hi Tech Corporate' category in recognition of its innovation and entrepreneurship in India.

In conformity with engineering and technology objective, the Corporate Research and Development Division at Hyderabad leads BHEL's research efforts using emerging technologies to offer State of the art total engineering solutions. Research and product development centres at each of the manufacturing divisions play a complementary role. Centres of excellence have been set up for Simulators, Computational Fluid Dynamics, Permanent Magnet Machines, Surface Engineering, Intelligent Machines and Robotics and Machine Dynamics. As the Seventh in the series, BHEL has established a Centre of Excellence for Compressors& Pumps Dynamics. Initiatives for setting up of a new Centre of excellence for Nanotechnology at Hyderabad are underway. 'Research and development Advisory Council' has been formed with eminent scientists and dignitaries from Government of India to advise BHEL on Research and Development strategies for growth and to enable it face the new challenges in the market.

In addition to the Corporate R&D Division, BHEL has four specialized institutes viz Welding Research Institute at Trichy, Ceramic Technological Institute at Bangalore, Centre for Electric Traction and Hydro lab at Bhopal and Pollution Control Research Institute at Haridwar.

## **Recruitment Process in BHEL**

### **Recruitment Process**

**BHEL has adopted two process of recruitment are as follows:**

- ❖ **Direct:** In this requisitions the candidate is searched through the applicant data bank and given offer.
- ❖ **Through Requisitions:** In through requisitions comprises of manpower requisitions from the organization.

After the approval of requisitions the applicants are short listed from the applicant data bank based on the position, experience, skill set, and qualification as required from the requisition.

The short listed applicants are then called for an evaluation process that based on predefined steps for the respective positions. After clearing this stage an offer letter

is given to the selected applicants. If the applicant is rejected the applicant goes back to the applicant data bank with appropriate status.

BHEL mainly recruits engineer trainees, supervisor trainees and artisans etc. If the vacancies are sanctioned, the recruitment is conducted according to the process. Full time regular bachelor's degree in engineering or technology from a recognized Indian university/Institute with minimum 60% of marks is necessary.

### **Job Specifications**

Metric /SSSC + National Trade Certificate in the relevant trade plus National Apprenticeship Certificate with not less than 60% of marks for General and OBC candidates, and not less than 55% of marks for SC/ST candidates in both NTC and NAC.

The selection process involves written test followed by interview. The process by which the candidate, who apply, are short listed for inviting for written test and interview, is described in detail in the advertisements issued.

- ❖ BHEL as an organization should consider more sources of recruitment as it will broaden their choice group and facilitate selection for eg field trips, unsolicited applicants.
- ❖ BHEL consider deputed employees as a source of recruitment which can prove a very important source as cost over induction can be curbed in such a case.
- ❖ BHEL should also categories their executives into different groups so that more appropriate and concerning training could be imparted to the candidates.
- ❖ BHEL can also employee experts in the selection committee for selection purpose.

### **Mode of Recruitment**

Recruitment is done at three levels, unskilled, semiskilled and supervisory. All the posts are filled by reporting to the appropriate employment exchange in

accordance with the acts and amendments thereafter. In case the employment exchange shows their inability to sponsor candidates an advertisement is issued in a leading daily newspaper.

### **Sources of Recruitment**

- ❖ Through employment exchanges in accordance with their provisions.
- ❖ Through campus recruitments from reputed institutes.
- ❖ In-house transfers and promotion of employees possessing required skills
- ❖ Through advertisement in press.
- ❖ Through deputations from government organizations and public undertakings.
- ❖ Through references to agencies who maintain a pool of people with required skill sets.
- ❖ Specialists are recruited to stop brain drain or to repatriate them from foreign countries.
- ❖ Any other source approved by competent persons in exceptional cases.

### **Preferences in Recruitment**

Aim of the organization is to uplift the socio-economic status of weaker section and provide a livelihood in terms of the orders issued by Indian government.

Special consideration is given to the dependent of deceased and provides as much employment opportunities to the unfortunate section.

### **Procedural Details**

Advertisements are issued in daily newspaper. all details are provide there in age relaxation, salary, Job title, job summary, qualification, pay scale allowances and application fee are all specified in it.

### **Executive or Sr. Executive Cadre**

Advertisement are issued in daily newspaper to tap fully the potential available decide by competent authority which may decide to fill up the posts by persons on deputation from central or state government.

## **Trainees or Apprentice**

Recruited under AAPRENTICE ACT and types of trainees are

- ❖ Engineers/Executive
- ❖ Supervisory
- ❖ Artisans trainees
- ❖ Commercial apprentice

## **Selection**

Tests or interviews are conducted by selected body to any post and the selection of senior executive and other common executive cadre by corporate office including one of Sc/St category in the board.

## **Central Recruitment Committee**

Where there is more than one division, the committee is represented by the authority of all the divisions

## **Human Resource Development Institute**

Guided by the HRD Mission statement, that is to promote and inculcate a value-based culture utilizing the fullest potential of Human Resources for achieving the BHEL Mission, the HRDI through a step by step strategic long term training process and several short term need based programmes based on comprehensive organisational research, enables the human resources to unearth and hone their potential.

In a major advancement, an integrated Human Resource Management system was implemented during the year 2010-11, which aims at reaching out to the internal stakeholders on real time basis and redefining the role of HR functions as a strategic partner in business, through process standardization, optimization and seamless enterprise integration.

Some of the Core programmes include Strategic need based programme, Competency based programmes and Functional Programmes like Advanced

Management Programmes, General Management Programmes, Strategic Management Programmes, Senior Management Programmes, Middle Management Programmes, Young Managers Programmes and self starter programmes for budding managers.

In addition, the HRDI provides professional support to Corporate HR and HRDCs at Units or Divisions. HRD is also accepting consulting assignments from other organisations in a selective manner.

## **Health, Safety and Environment Management**

BHEL's commitment towards environment is reflected in all its activities, products and services, providing safe and healthy working environment to all stakeholders. In conformity with its concern for environment, the company has taken up a number of Environment Improvement Projects, which include projects like plantation of 31 lakh trees, 47 Lakh Sq. Meter of green coverage, and 110 rainwater harvesting plants and energy and resource conservation projects in and around manufacturing units. These projects are aimed at enriching the environment, conservation of precious resources like water, energy, fuel, oil etc.

BHEL has been actively developing and acquiring clean technologies for power generation, enabling its customers to minimise the impact of power generation on the environment. Reinforcing its commitment to optimum utilisation of natural resources as well as its concern for the environment, BHEL has developed dynamic classifier system to improve combustion efficiency of boiler and reduction of NOx emission. The company has taken up Clean Development Mechanism projects to reduce greenhouse gas emissions in a more focused and vigorous way. A broad reference list of activity projects both of in house implementation and joint claim projects with customers has been generated. CDM is a planned activity for each Unit and carbon credit forms part of budgeted activity.

BHEL has supplied 210 Sq. Metre. space grades solar panels and 28 space quality batteries to ISRO for their space program. In the context of Jawaharlal Nehru National Solar Mission, BHEL shall be executing the orders for Renovation and Operation & Maintenance of SPV plants at various Islands of Lakshadweep. In

conformity with Green energy initiative, an energy efficient largest single cylinder on reheat steam turbine for 100-140MW application has already been developed to harness waste heat.

The company won the prestigious Golden Peacock Award for Occupational Health and Safety 2010 from the Institute of Directors for significant achievements in the field of Occupational Health and Safety.

## **Corporate Social Responsibility**

BHEL has developed a CSR scheme. Fostering the tradition of repaying the society at large by actively participating in the welfare of local communities through numerous Corporate Social Responsibility initiatives, BHEL undertakes socio economic and community development programmes to promote education, improvement of living conditions and hygiene in villages and communities located in the vicinity of its manufacturing plants and project sites spread across the country. Thrust is being given in eight areas- Self employment generation, Environment protection, Community Development, Education, Health Management & Medical aid, Orphanages & Old-age Homes, Infrastructural development and Disaster/ Calamity Management. In addition, BHEL provides financial assistance to various NGOs/Trusts/Social Welfare Societies that are engaged in social activities throughout the country.

In conformity with CSR Guidelines issued by Department of Public Enterprises BHEL has adopted CSR Policy from 2010-11. Its constant endeavours were appreciated and recognized at the CSR Thought Leadership conclave organized by Wockhard Foundation and BHEL was awarded the India Shining Star CSR Award for outstanding work in CSR sphere in the Capital Goods sector. CMD, BHEL was awarded the Distinguished Fellow Award 2010 from the Institute of Directors for outstanding contribution in the field of Corporate Governance and Corporate Social Responsibility.



## Major Achievements

During the year BHEL secured following prestigious orders:

- ❖ Single largest export order for Gas Turbine based Power Project, Further strengthening its foothold in Yemen, BHEL secured the prestigious order for the 4x168 MW Gas Turbine based Marib, II Power Project. This is the largest ever order for an overseas gas turbine based power project.
- ❖ Yemen entry into new market, BHEL successfully made its maiden entry in Yemen by securing orders for supply of motors.
- ❖ First ever order for motors from Kenya, BHEL for the first time secured an order for supply of motors to Mombasa Cement Ltd., Kenya.
- ❖ Maiden order for Solar cells from Hong Kong & Turkey, Entry into new market, BHEL for the first time secured orders for supply of solar cells to Hong Kong & Turkey.
- ❖ Order for Control Equipment from USA, BHEL secured order for supply of Bus Extender Modules from Metso Automation, USA.
- ❖ Continued focus on After Sales Services led to orders for Spares & Services from UAE, Bangladesh, Bhutan, France, Indonesia, Kazakhstan, Sri Lanka, Libya, Malta, Malaysia, New Zealand, Oman, Saudi Arabia, Thailand and Yemen.

## Recruitment Promotion Policy of BHEL

From a staff strength of about 450 employees in the year 1956-57, the BHEL has grown to over 48,198 employees as on 31<sup>st</sup> March 1991. This work force is spread over four different classes, generally recognized by the Government as Class I, II, III and IV. There are about 15 broad discipline categorized under the three main headings of (a) Engineering (b) Geo-Sciences and (c) Administration and other support services. To ensure optimum growth of officers and staff of the BHEL an enlightened personnel policy has been evolved by the BHEL under the Recruitment and Promotion Regulations, 1980. All posts in the BHEL are filled by:

- ❖ Direct Recruitment
- ❖ Promotion of employees already in services of the BHEL



- ❖ Borrowing the services of persons from the central Government or the State Government or PSUs or local or other authorities
- ❖ Any other methods as may be decided by the BHEL at meeting for reasons to be recorded in writing for appointment to any post of persons possessing special merits ,qualifications or experiences.

The vacancies to be filled by direct investment are notified to the Employment Exchange in accordance with the provision of the Employment Exchange Act, 1959 or advertised in daily newspapers having circulation in major parts of the country and in such daily newspaper in regional languages as the BHEL may consider suitable.

All application for direct recruitment are scrutinized by the appointing authority empowered to reject such applications of the candidates as do not fulfil the criteria laid down by the BHEL in Scheduled, I and II of the Recruitment and Promotion Regulations,1980 .A selection Committee consisting of at least three members is constituted to select suitable candidate .The Selection Committee adjudges the suitability of a Candidate on the basis of written examination ,practical test or interview or any combination of these.The selection Committee submits to the appointing authority a list recommending the names of the candidates found suitable for appointment in order of merit.

All cases of promotions are considered by a Promotion Committee duly constituted in accordance with the orders issued by the BHEL in this behalf and it consists of not less than three members .The number of employees to be considered for such vacancies shall not be less than twice the number of vacancies sought to be filled. In cases, where the criterion for promotion is merit, the Promotion Committee before selecting the employees, consider the service records and annual confidential reports. It may hold a written examination or practical test or interview or any combination of these in accordance with the procedure for determining merit as laid down by the BHEL at least two month in advance of the date of the said selection.

Thus, the Promotion Committee has to submit its recommendation to the appointing authority after arranging the names in order of merit in case where merit is the criterion and in order of seniority in cases where seniority, cum fitness is the criterion .An employee is informed of his non- selection in the cases of promotion.

In making appointment on various positions, either by direct recruitment or promotion, the BHEL provides reservation and other concessions to candidate belongings to the SC/ST and other special categories of person in accordance with the order issued by the Central Government from time to time. Besides, the BHEL may also provide reservation to a person, who is a dependent of a deceased employee of the BHEL.

The Government has accepted the recommendation of the Malaviya Committee that the employees of the BHEL should be able to expect at least two promotions during their entire period of services. However, where tests are prescribed for advancement from a given level to the next higher level such tests will be required to be passed in order to make a person eligible for promotion.

Often, promotions are on probation for a period of one year, which can be extended at the discretion of the competent authority.

### **Training of Employees:**

The most valuable source an organization possesses is undoubtedly its workforce. The HRD philosophy of the BHEL believes in continuously ensuring that the dynamism, competence, motivation and effectiveness of the employees remain at high levels.

Training and development in the BHEL is a dynamic system continuously active in achieving the growth of individuals and the organization. With the rapid changes taking place in the field of technology worldwide, it is essential to keep up to date with all the latest developments in the fields of information technology and exploration production activities.

The Institute of Management Development at Dehradun along with four Regional Training Institute located at Ahmadabad, Panvel, Madras and Sibsagar and two staff Training Institute located at Naika and Rajahmundry concentrates on the development of manager, workers, union leaders and women employees, etc through training.

Training is a development mechanism for acquiring human capabilities for doing jobs at present and also in future. Therefore BHEL's efforts are on the link training with performance appraisal and career planning.

**Wages or Salary Structure:**

The BHEL is known for being a model employer .It is clearly spelled out through its employment policy to induct the best lot of the available men and women in various disciplines or branches of its activities.

To meet this end, it has been taking care of the recommendations for revision of pay scales and other benefits given to its employees from time to time .In its follow up, the pay scale of executives of the BHEL have been revised w.e.f.1-1-1997, on the recommendation of the Fifth Pay Commission Report and with the approval of competent authority. Besides other matters relating to the revision of pay scales of the staff is reported to be taken up shortly.

**Organizational Development of BHEL**

Organizational is an important means in bringing about coordination among the various department of an enterprise. Organization in a broader term, is referred to as a process of defining and grouping the economic activities of the personnel and thus establishing the authority relationship among them .It is the frame-work within which the people pool their efforts for attaining some common objectives. This framework provides the means of assigning the related activities to various persons and determining their relationship among them. For the benefits of the enterprises, it is essential to develop the cooperation among the personnel at all levels in a controlled manner as it helps in the growth and expansion of the business enterprise by facilitating its efficient management system.

Organization has been defined in many ways, depending on the various objectives and goals to be achieved .Massie define organization as a structure and process by which a cooperative group of human beings allocated its tasks among its members, identified relationship and integrated its activities towards common objectives". Eyre defines organization as the framework of responsibilities, authority and duties through which all the resources of an enterprise are brought together and coordinated for the achievement of management objectives."The human resource development has ever been accorded

Supreme priority inception of the corporation is important. It is reflected in the BHEL's growth and development that one man set up in March 1976, which increased to a well knit family of 22000 strong.

## **Risks and Concerns**

The global economic recession that began in 2008 and continued till 2009, is moving towards recovery. As the global financial condition continues to improve, it remains uneven as there is downside risk on account of commodity prices, notably oil, which has the potential to move on the upswing due to uncertainties of supply and geopolitical considerations. There are mounting worries over energy security and climate change in the global context. Concern is on the rise about environment pollution in the emerging economies. Moreover, there is renewed debate on power generated from nuclear power stations and their strengthening on safety aspects. These are some factors influencing revisit of existing regulatory frameworks worldwide.

The Indian power sector has over the years caught attention of the world because of high power capacity additions program planned in the country. This has resulted in a number of international suppliers of power equipments increasing their focus on the growing Indian market by joining hands with domestic companies, setting up manufacturing facilities or augmenting their existing capabilities. Some of these international players are technology leaders, and insist on their terms & conditions including imposition of licensing restrictions on different market territories in overseas arena as a pre-condition for technology collaboration.

A combination of global competition and open access in the domestic market is putting pressure on the margins as new players are likely to move towards gaining market share by bidding aggressively. This could escalate the competitive intensity for BHEL in the long-term. The margins could also be impacted by movement in raw material prices, especially steel and copper.

Coal being the dominant fossil fuel used for power generation in India, domestic power developers are facing crunch of this natural resource due to shortage

of supply as excavation of coal is not matching with demand. In addition, various other constraints like delay in obtaining environmental clearances, land acquisition and local law and order problems are affecting implementation of power projects.

India has an overall strategic imperative to balance the goals of sustainable energy use, enhanced competitiveness and maintenance of the security of the energy supply. The Indian market is moving steadily towards adaptation of new technologies, like super critical technology and its assimilation which can lead has other concerns. The domestic power sector has other concerns like limited number and capacity of balance of plant vendors in the country as well as for competent construction contractors for taking up large size power projects and handling of increased construction load, shortage of skilled manpower with sub-contractors, contractual issues between project developers, contractors and their sub-contractors etc.

In most of the business areas in which BHEL operates, the growth prospects are dependent on policy decisions at the national level as also on the prevailing business trends.

## **SWOT Analysis of BHEL**

### **Strength**

- ❖ Good corporate image
- ❖ Complete range of products for transmission and distribution
- ❖ Established Brand Name
- ❖ Sound engineering base and ability to assimilate
- ❖ Relatively stable industrial relationship
- ❖ Access to contemporary technologies with the support from renowned Collaborators.
- ❖ Ability to set up power plants on turnkey basis, complete know- how for Manufacture of entire equipment is available with the company.
- ❖ Ability to manufacture or procure to supply spares.
- ❖ Fully equipped to take capital maintenance and servicing of the power plants.
- ❖ Largest source of domestic business leading to major presence and influence in the Market.

- ❖ Ability to successfully overhaul and renovate power stations equipment of different International companies.
- ❖ Low labour cost.

## **Weaknesses**

- ❖ Larger delivery cycles in comparison with international suppliers of similar equipment.
- ❖ Inability to provide supplier's credit, soft loans and financing of power projects.
- ❖ Due to poor financial position of state electricity boards, which are the major customers of BHEL in India, liquidity position of BHEL is not satisfactory.
- ❖ The procurement process in the company is cumbersome and subject to auditing
- ❖ Low exposure to the needs and dynamics of distribution business
- ❖ Role clarity on the requirement of being an equipment supplier or a solution provider
- ❖ Acceptance of customers to execute low value high volumes jobs
- ❖ Being a public sector company BHEL is suffering from sub optimality of control due to
- ❖ Displacement of social objectives by political objectives, which may lead to redundant costs and also rising costs.
- ❖ Direct political intervention in managerial decision over an arm length relationship that would restrict government's task of setting appropriate managerial incentive structure.
- ❖ Private goals that lead to budget growth and employment growth.
- ❖ Internal inefficiencies in bureaucratic activity.

## **Opportunities**

- ❖ Demand for power and hence plant equipment is expected to grow.
- ❖ Private sector power plants to offer expanded market as utilities suffers resource crunch.
- ❖ Ageing power plants would give rise to more spares and services business.
- ❖ Life expansion program for old power stations.

- ❖ Easy processing of joint ventures/ collaboration/import/ acquisition of new technology.
- ❖ Huge investment leading to greater demand of goods and services
- ❖ Demand leading to industry operating at full and over capacity
- ❖ Better price realizations
- ❖ Early birds to learn faster and achieve repeat orders
- ❖ Financial and operational autonomy for profit making public sector enterprises. To make the public sector more efficient government has decided to grant enhanced autonomy and delegation of powers to the profit making public sector enterprises.

## **Threats**

- ❖ Purchased preference may be extended to distribution sector
- ❖ Increased in number of small contractors leading to price wars
- ❖ Emergence of new players in the market.
- ❖ Political pulls and pressures may jeopardize the whole process, raising alarm about the
- ❖ privatization and being anti-people
- ❖ Increased competition both national and international
- ❖ Multilateral agencies reluctant to lend to power sector because of poor financial management of S.E.Bs
- ❖ More concessions to private sector and not to government owned utilities like NTPC or S.E.Bs, so future power projects would be opened up in private sector.
- ❖ Level playing ground not available, foreign companies spending much more on business promotion tactics (Annual Report “BHEL”, 2010-2011).

## **Conclusion**

BHEL is committed to drive a new phase of growth, at a time of increasing focus of Government of India on developing infrastructure sector. In this environment, the company has over a period of time established a number of differentiating competitive strengths, including a power full manufacturing base,



world-class equipment performance, the technology edge, diversified business portfolio, country wide efficient after, sales, service network, a robust balance sheet capable of supporting its growth ambitions and strong human capital base.

Backed by these at tributes, the company continues to pursue its '6-Point Strategy' to sustain its leadership in its current business areas and capture opportunities in emerging growth areas. The essential characteristics of development are social justice with a view to eradicate poverty and reduce income inequalities, self-reliance to avoid the dictates of the developed countries, planned utilization of the limited resources of the country, and a mechanism to carry out the plans, irrespective of profit considerations. The BHEL has continually been improving its execution capabilities. The key drivers strategy of the company are vendor base expansion, Advanced Manufacturing Actions, greater application of Information Technology, Rate Contracts, enhanced outsourcing, deployment of additional tools and plants, Away Centre Fabrication and greater empowerment of project managers. Further, to address skill deficit in power sector the company has taken various initiatives like adoption of it is and leveraging in-house training infrastructure for skill enhancement in the sector.

The Present chapter deals with the profile of Public Sector Undertaking –A Case Study of BHEL. The next chapter is devoted to the a profile of public sector undertaking- a case study of NTPC.



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**Chapter- 5**

**A Profile of Public Sector  
Undertaking- A Case Study  
of NTPC**

- ❖ Introduction
- ❖ Company History- NTPC
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## **Chapter- 5**

### **A Profile of Public Sector Undertaking –A Case Study of NTPC**

#### **Introduction**

The previous chapter dealt with the profile of Public Sector Undertaking –A case study of BHEL. The present chapter is devoted to the profile of Public Sector Undertaking- A case study of NTPC

Government of India, as part of its national agenda to promote growth, increase in efficiency and international competitiveness, has been continuously framing policies for industrial growth, fiscal, trade and foreign investment to achieve overall socio-economic development of the country.

As a result of exceptionally severe balance of payments and fiscal crisis in the year 1991, the government decided to shift to a liberalized economy with greater reliance upon market forces and a larger role for the private sector including foreign direct investment. The Government realized that a strong and growth oriented nation could be built, if India grows as a part of the world economy and not in isolation. Thus, liberalizing and deregulatory steps were initiated from the year 1991 onwards, which aimed at supporting growth and integration with the global economy.

Since then, the thrust of New Economic Policy has been on progressive reforms such as reduction in the scope of industrial licensing, reforms in the Monopolies and Restrictive Trade Practices (MRTP) Act, reduction of areas reserved exclusively for public sector, disinvestment of equity of selected Public Sector Enterprises (PSEs), enhancing limits of foreign equity participation in domestic industrial undertakings, liberalization of trade and exchange rate policies, rationalization and reduction of customs and excise duties and personal and corporate income taxes, promoting FDI, investments from NRIs (Non-Resident Indians), extension of the scope of CENVAT, implementing the VAT regime in States, taking steps to switch over to goods& services tax system w.e.f. 01.04.2010, e-governance and simplification of various procedures, rules and regulations ([www.sneabihar.org](http://www.sneabihar.org)).

**NTPC Limited (National Thermal Power Corporation)** is the largest Indian state-owned electric utilities company based in New Delhi, India. It is listed in Forbes Global 2000 for 2011 ranked at 348th in the world. It is an Indian Public Sector Company listed on the Bombay Stock Exchange in which at present the Government of India holds 84.5% of its equity. With an electric power generating capacity of 40,174 MW, NTPC has embarked on plans to become a 75,000 MW company by 2017. It was founded on November 7, 1975.

On 21<sup>st</sup> May 2010, NTPCL was conferred Maharatna status by the Union Government of India. NTPCs' core business is engineering, construction and operation of power generating plants and providing consultancy to power utilities in India and abroad.

The total installed capacity of the company is 36,514 MW with 16 coal based and 7 gas based stations located across the country. In addition under JVs, 6 stations are coal-based and another station uses naphtha/LNG as fuel. By 2017, the power generation portfolio is expected to have a diversified fuel mix with coal based capacity of around 27,535 MW, 3,955 MW through gas, 1,328 MW through Hydro generation, about 1400 MW from nuclear sources and around 1000 MW from Renewable Energy Sources . NTPC has adopted a multi-pronged growth strategy which includes capacity addition through green field projects, expansion of existing stations, joint ventures, subsidiaries and takeover of stations.

NTPC has been operating its plants at high efficiency levels. Although the company has 19% of the total national capacity, it contributes 29% of total power generation due to its focus on high efficiency. NTPC's share at 31 March, 2001 of the total installed capacity of the country was 24.51% and it generated 29.68% of the power of the country in 2008–09. Every fourth home in India is lit by NTPC. As on 31<sup>st</sup> March 2011, NTPC's share of the country's total installed capacity is 17.75% and it generated 27.4% of the power generation of the country in 2010–11. NTPC is lighting every third bulb in India. 170.88BU of electricity was produced by its stations in the financial year 2005–2006. The Net Profit after Tax on 31 March 2006 was ₹ 58.202 billion. Net profit after tax for the quarter ended on 30<sup>th</sup> June 2006 was ₹ 15.528 billion, which is 18.65% more than that for the same quarter in the previous

financial year. It is listed in Forbes Global 2000 for 2011 and ranked it 348th in the world. (www.wikipedia.com).

## **National Thermal Power Corporation**

NTPC was incorporated on November 7, 1975 under the Companies Act as a Private Limited Company under the National Thermal Power Corporation Private Limited, and the word 'Private' was deleted on September 30, 1976 consequent upon the notification issued by the Government of India exempting government companies from the use of word private in their name. On September 30, 1985, NTPC was converted from a Private Limited Company into a public limited company. Subsequently, the name of NTPC was changed to its present name NTPC Limited and a fresh certificate of incorporation was issued on October 28, 2005. The name of NTPC was changed to reflect the diversification of the business operations beyond thermal power generation to include, among others, generation of power from hydro, nuclear, renewable energy sources and undertaking coal mining and oil exploration activities.

NTPC is not operating under any injunction or restraining order. In July 1976, the registered office of NTPC was changed from Shram Shakti Bhawan, New Delhi to Kailash Building, Kasturba Gandhi Marg, New Delhi. Subsequently, in May 1979 the registered office of the Company was shifted to NTPC Square, 62-63, Nehru Place, New Delhi thereafter in October 1988 to its present location for administrative and operational efficiency.

## **Major Events**

**1975**-Incorporation of NTPC.

**1978**-Takeover of management of the Badarpur project.

**1982**-Commissioning of the first 200MW unit at Singrauli Center for education at Power Management Institute. Delhi established First direct foreign currency borrowing a consortium of foreign banks led by Standard Chartered Merchant Bank that extends a loan of GBP 298.41 million for the Rihand project 1984. The transmission line based on High Voltage Direct Current technology, commissioned for power transmission from Rihand to Delhi

Singrauli project received World Bank loan of US\$ 150 million through Government of India.

**1986**-Synchronized first 500MW unit at Singrauli and the Company became one of the first PSUs to issue bonds in the debt market .

**1987**-5,000 MW installed capacity mark crossed .

**1988**-First syndicated Japanese loan of 30 billion JPY raised in 1989 - Consultancy division of the Company launched First unit (88 MW) of NTPC and first gas based combined cycle power plant at Anta, Rajasthan commissioned.

**1989**-Total installed capacity of the company reached 10,000 MW .

**1992**-First acquisition by the Company of Feroze Gandhi Unchahar Thermal Power Station from Uttar Pradesh Rajya Vidyut Utpadan Nigam of Uttar Pradesh The transmission systems owned by our Company were transferred to Power Grid Corporation of India Limited pursuant to legislation by the Parliament of India.

**1993**-IBRD extended direct loan of US\$400 million to NTPC under time slice concept for its projects

**1994**-15,000 MW of installed capacity achieved Maiden declaration of dividend of Rs. 650 million Jhanor-Gandhar becomes NTPCs' first thermal power station to have commissioned an integrated Liquid Waste Treatment Plant

**1997**-'Navratna' status granted by the Government of India on NTPCs' achievement of 100 billion units generation in one year . A consortium of foreign banks led by Sumitomo Bank, Hong Kong extends foreign currency loan of 5 billion Japanese Yen for the first time without Government of India's guarantee.

**1998**-Commissioned the first Naphtha based plant at Kayamkulam with a capacity of 350 MW

**1999**- NTPCs' Dadri Thermal Power Project established. Uttar Pradesh adjudged the best in India with a PLF of 96.12% in Dadri Thermal Power Project and Uttar Pradesh certified with ISO 14001.

**2002**-Three wholly owned subsidiaries viz., NTPC Electric Supply Company Limited, NTPC Hydro Limited and NTPC Vidyut Vyapar Nigam Limited

incorporated ESP set up at Talcher Power Plant 20,000 MW installed capacity mark exceeded.

**2003**–The Company undertook debt re-structuring. Raised funds through bonds Construction of first hydro-electric power project of 800 MW capacity in Himachal Pradesh commenced after the investment approval

**2004**–The award of contract for the first Super Critical Thermal Power Plant at Sipat Reached a total installed capacity of 22,249 MW with the Talcher Unit V, getting synchronized on May 13, 2004. Feroze Gandhi Unchahar Thermal station achieves a record PLF of 87.43% in this year up from 18.02% in February 92 when it was taken over by it LIC extends credit facility for Rs. 70 billion. Rs. 40 billion is in the form of unsecured loans and Rs. 30 billion is in the form of bonds. Company made its debut issue of euro bonds amounting to USD 200 million in the international market First coal mining block allotted listing of the Equity Shares on the Stock Exchanges.

**2005**– Company received the International Project Management Award 2005 for its Simhadri project at the International Project Management Association World Congress. Oil block allocated under NELP V Company adopted core values 'BCOMIT' (Business Ethics, Customer Focus, Organizational Pride, Mutual Respect and Trust, Innovation and Speed and Total Quality for Excellence). The Company ranked as the Third Great Place to work for in India for second time in succession by a survey conducted by Grow Talent and Business World 2005.

**2006**–Company has changed its name from National Thermal Power Corporation Ltd. to NTPC Ltd

**2007**–Badarpur Thermal Power Station having an installed capacity of 705 MW transferred to the Company.

**2008**–The Company adjudged as the Star PSU in 2008 Board was expanded by appointment of five independent Directors India Power Award conferred on Centre for Power Efficiency and Environmental Protection .

**2009**–Memorandum of understanding entered into with the Nuclear Power Corporation of India Limited (NPCIL) for development of nuclear power in India 30,000 MW installed capacity mark crossed Long term fuel supply



agreement signed with Coal India Limited for supply of coal to the power stations for a period of 20 years.

**2010** -The Company acquired 44.6% of presently paid-up capital of Kerala and Transformers and Electricals Kerala Limited from Government of Kerala at a total consideration of Rs. 313.4 million, subject to final price to be based on the valuation of the assets of Kerala and Transformers and Electricals Kerala Limited. Kerala and Transformers and Electricals Kerala Limited are engaged in manufacturing and repair of heavy duty transformers International Gold Star Quality Award conferred on Centre for Power Efficiency and Environmental Protection.

**2011**-NTPC enters MoU with Nuclear Power Corporation of India Ltd. (NPCIL) to work together for development of Nuclear Power in India and for this purpose formed a Joint Venture Company for setting up Nuclear Power Projects.

**2012**–NTPC JV entered in agreement with SAIL, RINL, Coal India and NMDC.

#### **Others: 2010**

- ❖ NTPC and EPC firm Larsen and Toubro are among the companies that have shown interest in partnering Indian Oil Corporation (IOC) in its \$750 million LNG import terminal at Encore near Chennai.
- ❖ National Thermal Power Corporation (NTPC) Ltd. has said that it has tripled the volume of natural gas that it buys from Reliance Industries at the government approved price of \$4.2 per, to 1.81 mn standard cubic meters a day.
- ❖ NTPC has signed a pact with Gujarat Power Corporation in order to execute 500 MW renewable energy based projects, preferably wind and solar energy in the state.
- ❖ NTPC Limited has informed that a Joint Venture Agreement has been executed on 27.04.2010 between NTPC Limited and Nuclear Power Corporation of India Limited for formation of a Public Limited Company and to set up nuclear power project with two nuclear reactor units which may be extended to setting up additional Nuclear Power Projects subject to techno-economic viability.

- ❖ NTPC Ltd signed production sharing contracts with the government.
- ❖ A MoU has been signed between NTPC Ltd and Bangladesh Power Development Board to attain mutual co-operation between the parties for development of Power Sector in Bangladesh.

## 2011

- ❖ Joint Venture signed between NTPC Ltd and Nuclear Power Corporation of India Ltd. has been incorporated on January 27, 2011 under the name 'Anushakti Vidhyut Nigam Ltd' (Company). NPCIL shall hold 51% of the equity share capital and NTPC shall hold the balance 49% of the equity share capital of the Company.
- ❖ NTPC-BHEL Power Projects Ltd, a joint venture between NTPC and BHEL, has reported strong financial performance by crossing a turnover of Rs. 100 crore in the very first year of its commercial operations.
- ❖ NTPC - Signed MoU with Government of Kerala.
- ❖ NTPC signed partnership with IWAI and Jindal ITF
- ❖ National Thermal Power Corporation Ltd signed the Joint Venture Agreement between Company and Ceylon Electricity Board (CEB), Sri Lanka
- ❖ NTPC bagged USD 8.8 mn from Electricity Generation Company of Bangladesh Ltd.

## 2012

- ❖ NTPC signs \$1.5bn deal with Bangladesh's PDB to set up 1,320 MW plant.
- ❖ NTPC signs Joint Venture Agreement with Bangladesh Power Development Board.
- ❖ NTPC - NTPC Ltd signed a loan facility of USD 100 million with Mizuho Corporate Bank Ltd.
- ❖ NTPC signed loan deal with Japanese Bank.
- ❖ India's power producing giant NTPC Ltd signed a loan agreement worth Rs. 600 crore with the Jammu & Kashmir Bank (<http://economictimes.indiatimes.com>).

## **NTPC, Dadri –A Profile**

National Capital Power Station or NTPC Dadri, is the power project to meet the power demand of National capital region. It has a huge coal fired thermal power plant and a gas fired plant and has a small township located in Uttar Pradesh, India for its employees. It is located in Gautam Budh Nagar district of Uttar Pradesh about 25 km from Ghaziabad and about 25 km from Dadri. It is nearly 48 km from New Delhi towards Hapur. The township has an area of about 500 acres over all. NTPC Dadri is a branch of National Thermal Power Corporation, which is a public sector now. It is located 12 km. from Naiabadi.

NTPC Dadri plant and township are property of NTPC Ltd and were built around in 1988-1990. The township is surrounded by boundary walls from all sides for security reasons. The township has self sufficient markets inside it, residents usually go to Ghaziabad or Delhi for extra shopping. NTPC Dadri has two shopping centers which caters to the need of employees and their families as well as other people, and the Silver Jubilee Park, a fountain park in front of new market and numerous small parks for children and employees for recreation. It also has a helipad for landing of small helicopter. There is a MAHARANA PRATAP sports stadium inside the campus which is equipped with floodlights for day and night domestic tournaments ([http://en.wikipedia.org/wiki/NTPC\\_Dadri](http://en.wikipedia.org/wiki/NTPC_Dadri)).

### **Capacity**

NTPC, Dadri is a unique power plant of NTPC group which has both coal based thermal plant and gas based thermal plant of 1820 MW and 817 MW respectively.

### **Coal based**

The coal for the power plant is sourced from Piparwar Mines, Jharkhand. Source of water for the power plant is Upper Ganga Canal.

**Table: (5.1): Coal Based**

Stage	Unit Number	Installed Capacity (MW)	Date of Commissioning
1 <sup>st</sup>	2	210	1992 December
1 <sup>st</sup>	3	210	1993 March
1 <sup>st</sup>	4	210	1994 March
2 <sup>nd</sup>	5	490	2010 January
2 <sup>nd</sup>	6	490	2010 July
<b>Total</b>	<b>Six</b>	<b>1820</b>	

**Gas based**

The gas for the power plant is sourced from GAILHBJ Pipeline and it also supports HSD as alternate fuel. Source of water for the power plant is Upper Ganga Canal.

**Table: (5.2): Gas Based**

Stage	Unit Number	Installed Capacity (MW)	Date of Commissioning	GT/ST
1 <sup>st</sup>	1	130	1992 March	GT
1 <sup>st</sup>	2	130	1992 May	GT
1 <sup>st</sup>	3	130	1992 June	GT
1 <sup>st</sup>	4	130	1992 November	GT
1 <sup>st</sup>	5	154	1993 February	ST
1 <sup>st</sup>	6	154	1993 March	ST
<b>Total</b>	<b>Six</b>	<b>817</b>		

Grand Total capacity is 2637 MW. Source:  
([http://en.wikipedia.org/wiki/NTPC\\_Dadri](http://en.wikipedia.org/wiki/NTPC_Dadri))

**Corporate Social Responsibility**

NTPC has always discharged its social responsibility as a part of its Corporate governance philosophy. It follows the global practice of addressing CSR issue in an integrated multi stake holder approach covering the environment and social aspects.

With a view to address the domains of social economics issue at national level and in line with its Corporate Social Responsibility and Community Development Policy, NTPC has taken up various activities.

### **Initiatives undertaken by the Company:**

As most of the station of NTPC are located in remote rural areas ,various activities were taken up essentially in the areas of basic infrastructure development like primary education, community health, drinking water, sanitation, road, vocational, training etc.

In the area of Education, Financial assistances are being provided to Ramakrishan Mission for conducting various activities under the banner Awakening India heralding the 150 Birth Anniversary celebration of Swami Vivekananda.

Further, financial contribution was given to Sri Vedmata Gayatri Trust for contribution of school cum multipurpose building in Village Shaulana, Distt. Ghaziabad, UP; and to District administration i-e Vishakhapatnam for preparation and development of Audio Study material for Visually Challenged persons.

NTPC took up various vocational training programmes, such as web page designing, computer training, motor rewinding, motor driving, general electrical repairing, mobile repairing etc. for youth and various coaching classes and village children that are based on the need of the local community in the neighborhood of its stations.

In order to contribute in the conservation of selected National Monuments, NTPC has committed financial support to archaeological Survey of India and National Culture Fund for conservation of 3 identified sites.

As regard women empowerment, construction of one floor of girl's hostel in Guntur district of AP has been completed, the same at ogle is near completion. Various Vocational Training Programmes for women in the neighborhood villages of its stations including Cutting, Tailoring, Stitching, dress Designing, Beautician, Embroidery ,Food preservation and food processing etc. were taken up.

Committed to its social responsibility, the company had become a member of Global Compact, a Voluntary initiative of the UN for CSR. The Company confirms its involvement in various CSR activities in line with 10 global Compact principles and shares its experience with the representatives of the world through Communication on Progress (Annual Reports NTPC, 2010-2011).

## **NTPC- A Case Study**

### **NTPC GROUP: JOINT VENTURE AND SUBSIDIARIES**

The company has formed 18 joint venture Companies and 5 subsidiary Companies for undertakings specific business activities. The name of Pipavav Power development Company Limited, a wholly owned subsidiary of NTPC has been struck off from the Registrar of Companies, NCT of Delhi & Haryana w.e.f.28.01.2011 pursuant to Section 560 of the Companies Act, 1956. As such, the Company stands dissolved w.e.f. 28.01.2011.

The name of Subsidiaries and Joint Venture Companies and the percentage of the company's stake in these Companies is shown in different file (**Annexure II**).

### **HR Vision of NTPC:**

To enable the people to be a family of committed world class Professionals making NTPC a learning organization.

### **Human Resources**

NTPC believes in achieving organizational excellence through Human Resources and follows "People First" approaches to Leverage, the potential of its 24,500 employees to fulfill its Business plans. 'People before plant load factor' is the guiding philosophy behind the entire gamut of HR policies at NTPC. NTPC are strongly committed to the development and growth of all the employees as individuals and not just as Employees (Goyal, Kanika, Ashok Khurana Performance Management System: A Case Study of NTPC).

### **Elements of HR Strategy**

Competence building, Commitment building, Culture building and Systems building are the four building blocks on which the HR systems are based as shown in (Fig 5.1).



HR as a Strategic Business Partner in NTPC aimed to actualize HR Vision and the Corporate Vision, An integrated HR model has been developed by NTPC. As per the model, the periphery lies in the role of HR to facilitate the organization in fulfilling its Corporate Social Responsibility and facilitate good governance practices. Within this framework, lies the role of HR to establish good customer relationship (Goyal, Kanika, Ashok Khurana"Performance Management System: A Case Study of NTPC).

## **NTPC SELECTION PROCEDURE**

### **Training/Apprentice**

Recruited is under the provision of APPRENTICE ACT. The types of trainees are

- ❖ Engineers
- ❖ Specialist Doctors
- ❖ Engineers

### **Selection**

Clearance for recruitment for higher level is done by CMD and for others is by HR manager.

## **MODES OF RECRUITMENT**

- 1) INTERNAL SOURCES- promotion and transfers
- 2) EXTERNAL SOURCES- fresh recruitment, campus recruitment and advertisements

### **Preference in Recruitment**

MERIT is the only criterion

### **Tests of Recruitment**

Tests are conducted to judge various aspects of personality and to test cadre of their knowledge skills and attitude by

- ❖ Written test
- ❖ Aptitude test
- ❖ Psychometric test
- ❖ Personality test

### **Selection Committee**

Selection committee comprise of chairman, retired executive of CMD level, representative of Inducting Department, HR and SC/ST representative and experts of different areas.

## **SWOT ANALYSIS OF NTPC**

### **STRENGTHS**

- ❖ Largest market share in the domestic power generation and a broad customer portfolio across the country.
- ❖ Excellent track record of performance in project implementation and plant operations.
- ❖ Diversified thermal generation portfolio in multiple sizes and fuel types.
- ❖ Highly skilled and experienced Human Resources exposed to state of the art technologies in project execution and power generation.



- ❖ Navratna status.
- ❖ High brand equity among stakeholders.
- ❖ Strong balance sheet ability to raise low cost debt.
- ❖ Engineering skills in project configuration and package design.
- ❖ Turnaround ability for old plants demonstrated in the take over plants at Talchar, Tanda and Unchachar.
- ❖ High credit rating indicating the high confidence of leaders
- ❖ Established systems and procedures to institutionalize excellence in business operations and received ISO accreditation in several areas.
- ❖ In house training facility, PMI, CENPEEP, R&D etc that assists in development of the sector.
- ❖ Thrust on reducing social cost of capacity growth and strong execution of Resettlement and Rehabilitation plans.

## **WEAKNESS**

- ❖ Low risk diversification of business portfolio that consists primarily of generation of generation assets.
- ❖ Functional orientation hampering cross functional perspective in decision making. Long and multi layered procurement process leading to long lead times and process delays.
- ❖ Fragmented IT architecture
- ❖ Gaps in HR systems such as performance management, rewards and incentives and career development.
- ❖ Inadequate development of a strong knowledge management system that could assist in improving efficiency and effectiveness in all aspects of the business.
- ❖ Hierarchy for decision making that affects responsiveness.
- ❖ Role of ambiguity and delusion within different levels of the organization.

## OPPORTUNITIES

- ❖ Expand generation capacities by putting up thermal and hydro capacities and maintaining the position of dominant generating utility in the Indian power sector.
- ❖ Broad base fuel mix by considering imported coal, gas, domestic coal, nuclear power etc with a view to mitigate fuel risks and maintain long run competitiveness.
- ❖ Lead the development and commercial deployment of non-conventional energy sources especially in the distributed generation mode.
- ❖ Improve collections by trading, direct sale to bulk customers and the active role in allocation of new plants.
- ❖ Execute increased number of power plants that classify Mega Power Projects status, thereby reducing the cost of the projects that are power generated.
- ❖ Forward integration into the distribution business in India.

## THREATS

- ❖ Entrance of private players in the Indian Power Sector.
- ❖ Low availability of fuel mix in India and high import prices might affect the cost of electricity generation.
- ❖ The existence of PSU culture affects the organizational efficiency in comparison of the Private work culture.
- ❖ Lack of commitment to be aware of the ever changing needs of the customers (Soni, Gaura, Kumar Deepa, Saurabh Mishra, SanyaGulati Project Report on Industrial Research a Study at NTPC Ltd. and Reliance Industries Ltd.).

## Comparative Study of BHEL & NTPC

### NTPC - BHEL POWER PROJECTS PVT. LTD.-

A Joint Venture between BHEL & NTPC incorporated on 28th April, 2008 for carrying out EPC activities in the Power Sector. The Financial highlights are as under:

**Table (5.3): Financial highlights**

**Figures in Rs. Crores**

Particulars	F.Y 2009-10	F.Y 2008-09
BHEL's investment in Equity	25.00	0.05
Turnover	2.30	-
Profit after Tax	-0.76	-2.35

**Source:** (Annual Report "BHEL", 2009-2010)

### NTPC - BHEL Power Projects Ltd:

BHEL along with NTPC Ltd. has promoted a joint venture company, NTPC-BHEL Power Projects Private Limited for carrying out EPC contracts for Power Plants and other Infrastructure Projects in India and abroad. The JV Company can also take up manufacture and supply of equipments for power plants and other infrastructure projects, which are not subject to any limitation or restriction under any ongoing collaboration agreement of promoter companies.

The JV Company was incorporated on 28th April, 2008 with initial authorized and paid-up capital of Rs 10 lakh subscribed to equally by NTPC and BHEL. Further, board has also decided to enhance BHELs' contribution from Rs. 5 lakh to Rs. 100 crore which will be done in tranches depending upon the requirements. The paid up capital is Rs. 50 crore with BHEL and NTPC, each subscribing Rs.25 crore (Annual Report BHEL,2009-2010).

This chapter deals with the profile of Public Sector Undertaking –a case study of NTPC. The next chapter is all about the relationship between HR Practices on Organizational Commitment & Job Satisfaction.

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**Chapter- 6**

**Relationship between HR  
Practices on Organizational  
Commitment and Job  
Satisfaction**

- ❖ **Organizational Commitment**
- ❖ **The Factors That Influence Organizational Commitment**
- ❖ **Consequences of Organizational Commitment**
- ❖ **Human Resource Management Practices**
- ❖ **Factors Affecting HRM Practices**
- ❖ **HRM Challenges**
- ❖ **Progressive HR Policies**
- ❖ **Globalization**
- ❖ **Internal Factors**
- ❖ **Organizational Structure**
- ❖ **The important internal factors**
- ❖ **Job satisfaction**
- ❖ **Relationships and Practical Implications of Job Satisfaction**
- ❖ **The Factors That Influence Job Satisfaction**
- ❖ **The Factors Related to Individual**
- ❖ **Consequences of Job Dissatisfaction**
- ❖ **References**

## **Chapter-6**

### **Relationship between HR Practices on Organizational Commitment and Job Satisfaction**

#### **Introduction**

The previous chapter dealt with the profile of Public Sector Undertaking a case study of NTPC. The present chapter is devoted to the Relationship between HR Practices on Organizational Commitment & Job Satisfaction and focus on Organizational Commitment, The Factors That Influence Organizational Commitment, Consequences of Organizational Commitment, Human Resource Management Practices, Factors Affecting HRM Practices, HRM Challenges, Progressive HR Policies, Globalization, Internal Factors, Organizational Structure,

Even though ‘Human Resources’ is a relatively modern management term coined in the 1960s, but the importance of Human Resource Management can be traced back to Vedic ages. In *The Bhagavad Gita*, the Lord Krishna not only makes Arjuna spiritually enlightened, but also teaches him the art of self management, anger management, stress management, conflict management, transformational leadership, motivation, goal setting and many other aspects which are now essential parts of any HRM curriculum.

The outlook to Human Resource Management in India has witnessed sea-change in last two decades. Economic liberalization in 1991 created a hyper-competitive environment. As international firms entered the Indian market bringing with them innovative and fierce competitiveness, Indian companies were forced to adopt and implement innovative changes in their HR practices. Increasing demand for skilled performers forced the companies to shift focus on attracting and retaining high performing employees in a competitive marketplace (Bhattacharya, n. d.). The general attitudes of the employee toward the organization are considered as organizational commitment.

Organizational commitment has been defined as a psychological link between the employee and the employing organization that makes it less likely that the employee will voluntarily leave the organization. Commitment studies in the recent era have been conducted at an increasing pace for the past 35 years. Noted pioneers of commitment research in relation to organizational commitment and employee turnover are Lyman Porter, Richard Steers, Richard Mowday, and Paul Boulian. Organizational commitment can be measured by looking at related behaviors or attitudes.

Behavioral commitment focuses on the actions taken or significant contributions made by an individual that commits them to the organization. Attitudinal commitment on the other hand, is a psychological state where the individual identifies with a particular organization and its goals, and wishes to maintain membership in order to facilitate the goals. In 1974, Porter, Steers, Mowday, and Boulian, looked at the attitudinal construct of organizational commitment and subsequently, developed a 15-item measure of employee organizational commitment called the Organizational Commitment Questionnaire (OCQ). They proposed that organizational commitment could be categorized as (a) a strong belief in and acceptance of the organizations' goals and values (b) willingness to exert considerable effort on behalf of the organization; (c) a definite desire to maintain organizational membership.

In recent literature, John Meyer and Natalie Allen are frequently referenced researchers in the field of organizational commitment. These researchers came on the scene in the mid 1980's and early 1990's and expanded the work of the previous researchers. They argued that commitment has three separate components which reflect; (a) a desire (affective commitment), (b) a need (continuance commitment), and (c) an obligation (normative commitment) to maintain employment in an organization. They believed that a better understanding of the employees' relationship with the organization could be better understood if all three forms of commitment were considered together. As a result, they developed new measures for



organizational commitment based upon the three components so that they could better assess commitment across multiple dimensions.

With a struggling economy and a national unemployment rate hovering around 10 percent, many employees are staying where they are. This phenomenon of commitment has been described as continuance commitment since the employee remains with the organization because they have to do so. However, as the economy improves and employment options become more readily available, employees who have endured pay cuts, organizational restructuring, and layoff will be looking elsewhere for employment. The affective commitment had the strongest correlation between both the employee intention to leave and the actual turnover. The OCQ can be utilized by researchers in interpreting affective commitment while measuring that component of organizational commitment. Because of this, the OCQ will be utilized in this study to measure the organizational commitment of employees in Cooperative Extension (Martin, M.J., 2011).

### **The Factors That Influence Organizational Commitment**

- 1. Personal Factors:** Research on person characteristics has found on two types of variables: demographic variables and dispositional variables (e.g. personality, values, interest). Demographic variables that relate to organizational commitment are stated to be gender, age, educational level, and race and personality traits. Overall relations between demographic variables and affective commitment are neither strong nor consistent.
- 2. Role Related Factors:** Role related variables like role of ambiguity and role of conflict correlate negatively with organizational commitment. It can be concluded as those roles of ambiguities, conflicts and the stress caused by these uncertainties that influence the degree of organizational commitment.
- 3. Work Experiences:** The vast majority of antecedent studies have focused on variables that fall into very broad category of work experiences. Moreover, with work experience, variables find the strongest and consistent correlations with affective commitment across studies. The commitment reciprocally related with satisfaction and the effect of satisfaction on commitment was more than reverse.

4. **Cultural Factors:** As culture deeply influences management ideas and practice, studies were conducted in different countries with different cultures. A meta-analysis of twenty seven studies given in different countries demonstrated that personal characteristics like age, tenure, gender and education were highly significant in determining organizational commitment in England, Israel, although they were insignificant in Canada. The relation of participation and peer cohesion with commitment was consistent in all countries studied.

### **Consequences of Organizational Commitment**

1. **Performance at Work:** Many aspects of performance can be assessed (e.g. attendance at work, performance of assigned duties, organizational behavior). In addition, assessment of performance can be obtained from several sources (e.g. the employees themselves, their supervisors, output measures such as sales or production figures). Research on the links between commitment and work performance reflects the diversity.
2. **Inter-drawl Intentions:** Personnel retention has consistently been viewed as an important consequence of organizational commitment. When organizational commitment of personnel is low, they do not put any effort to do their jobs and don't have any altruism for organizations that they work for and have low level of motivation.
3. **Absenteeism:** Researches show that there is a negative relationship between absenteeism and organizational commitment. In other words, personnel who have lower level of organizational commitment are likely to be absent.
4. **Turnover:** Researches in this area show that there is a negative relationship between turnover and organizational commitment (Aydogdu & Askgil, 2011).

### **Human Resource Management Practices**

Human Resource Management (HRM) involves the policies and practices for dealing with human resource (HR) aspects of management such as HR planning, selection, recruitment, orientation, development, training, job analysis, compensation, labor relations and performance appraisal. The policies, systems and practices

influencing attitude, behaviour and performance of employees compose the HRM. The Fombrun, Tichy and Devana HRM Model, the Harvard HRM Model, the Guest HRM Model and the Warwick HRM Model are the four main HRM models. ( The Guest HRM Model is considered the best model among these four HRM models. This study chose the HR practices like HR planning, selection, recruitment, development, training, compensation, industrial relations and performance appraisal as they were incorporated by the Guest HRM Model and the Society of Human Resource Management of USA. HRM is a strategic approach for acquiring, managing, developing, motivating and gaining the dedication of employees and key resources of the organization.

HRM started with the development of HR accounting theory. Some consider HRM as the industrial relations and personnel management while others consider HRM as an approach for personnel management integration including organizational strategy. If HR practices are implemented in the organization, the employees can be more committed to their work in the organization and they show their extra role for organizations' benefit. There is positive relationship of HRM practices with organizational commitment and organizational behavior.

HRM practices play the role of mediator between HRM and job satisfaction. HRM practices are focused into four groups which are work policies and employment skills, reinforcement and performance measurement, supportive environment and market organization.

All HRM strategies through HRM are used for the achievement of same organizational goal. The various HRM perspectives are verified as the concept of integration or fit. The various types of HRM can be classified into two dimensions which are external fit and internal fit. Internal fit refers to ideal of HRM practices and external fit refers to HRM's strategic integration. The external fit showed more particular fit between quality strategy and high performance HRM practices. The effective HRM is argued to be the main success factor for an organization.

The organization's performance including organization flexibility, employee's productivity and product quality is improved by the HRM practices of business performance named as HR planning, development and training, employee security, teamwork incentive or compensation and performance appraisal.

There are number of HRM practices that could be tested in connection with employee performance and have studied eight HR practices and their relationship with perceived employee performance. This study examines the relationship between three HR practices i.e. compensation, promotion and performance, and evaluation and perceived employee performance. The developing country with very low per capita income and above three practices which have a relatively direct impact on financial earnings and social status of an individual may be considered as the major determinants of employee's performance. A number of researchers have established the relationship between HR practices and employee performance but they mainly discussed developed countries. Little evidence is available about relationship between HR practices and employee performance from developing countries.

This study includes University staff relationship between three HR practices i.e. compensation, promotion and performance, and evaluation and perceived employee performance among Universities. The result of the study indicates a positive relationship between compensation and promotion practices and employees perceived performance while performance evaluation practices are not significantly correlated with perceived employee performance. Universities need to revise Performance Evaluation process and define clear career paths to enhance the performance of employees. For improvement in staff system, it is important to enhance the performance of employees especially in higher education.

The crisis in the employee's profession is threatening the ability of poor countries to reach internationally agreed targets to expand and improve education university staff. The HR practices on performance of employees are also related with the response of employee towards HR practices, because ecause employees have their own perception regarding the HR practices. The HR practices which are related with

employee performance include recruitment and selection practices, placement practices, training practices, practices, promotion practices, grievance procedure and pension or social security.

The eleven HRM practices this study are personnel selection, performance appraisal, incentive compensation, job design, grievance procedures, information sharing, attitude assessment, labor management participation, recruitment efforts, employee training and promotion criteria. Compensation, promotion and performance evaluation and perceived employee performance explains that by adopting effecting HR practices in organization can produce the positive results in employee performance and can improve the organizational culture in a positive way (Bibi et al., 2012).

Here are some of the best HR practices that help in the creation of a highly satisfied and motivated work force.

#### ❖ **Work Environment**

A safe and happy workplace makes the employees feel good about being there. Each one is given importance and provided the security that gives them the motivation and incentive to stay. This is usually achieved through internal surveys that find out whether they are satisfied and if not what they think needs to be changed.

#### ❖ **Open Management**

Employees don't like the feeling of being kept in the dark about what is happening in the company. They feel motivated and develop enthusiasm only when the management opens up to them and discusses the company policies, sales, clients, contracts, goals and objectives. This encourages participative management. Asking them for ideas on how to improve will get their creative juices flowing. Being open about everything related to the company will help in building trust and motivating the employees. This open management policy can be practiced using several tools.

#### ❖ **Performance Incentives**

Every good performance is appreciated in the form of a pat on the back, bonuses or giving some other compensation for a job well done. Organizations that struggle to keep up with the attrition rate are mostly those that think employees are “just” doing their job. Even if it is the employee’s job the completion in an appreciable manner calls for an incentive, and this goes a long way in boosting the staff morale. These incentives can be implemented at the individual as well as the team level and it has been seen that this work wonders in getting the best out of the employees. But it is important to keep in mind that these bonuses should not be given without a reason, unless it is a commitment for annual bonuses or some such thing. *Doing so will only reduce the perceived value of the bonuses.*

#### ❖ **Performance Feedback**

This is one the methods that is being followed by many organizations. Feedback is not only taken from the boss, but also from other seniors and subordinates. Previously, appreciation was only sought from the immediate boss or the management, but now organizations understand the importance of collecting performance feedback from several quarters. The opinion of everyone matters, especially for someone who is in a leadership role at any level. Each person in the team is responsible for giving constructive feedback. This kind of system helps in identifying people who can perform well as leaders at higher levels in the organization. Even the senior level managers can use this system to their advantage, as a tool to improve themselves.

#### ❖ **Employee Evaluation**

Every company has an employee evaluation system in place but a good system links individual performance to the goals and priorities of the organization. This works well when achievements are tracked over a year. For a fair review of each employee, the evaluation, apart from being done by the boss, should be done by another person at a higher level, for whom the employee’s contribution is important.

Ratings can also be obtained by other employees. This ensures a fair and accurate rating of each and every employee.

#### ❖ **Sharing of Knowledge**

Knowledge sharing is a wonderful strategy that helps in the betterment of the employees and their work. Keep all the knowledgeable information in central databases can be accessed by each and every employee. For example, if an employee is sent on some training, the knowledge that is acquired by that employee can be stored in these databases for others to learn from it. Even innovative ideas that the management deems fit for employees to see, can be stored here for all to see.

#### ❖ **Publicize Good Performances**

Every company has some employees who outperform others. Such performances should be highlighted and displayed where other employees can look at them, such as on the display boards and intranet etc. This will encourage others to give their best. A proper system should be set up to make a list of high performances at specific times in a year.

#### ❖ **Discussions**

Successful organizations nurture ideas and understand that employees who are actually working and know the business can provide the best ideas. The management should have discussions with employees to get these ideas out of them. There can also be suggestion boxes to capture these ideas. Through this system, managers can find talented employees and develop them.

#### ❖ **Rewards**

While recognition of talent is highly important, this recognition has to be made public and announcing to the whole world (the employees) the achievements of a fellow employee. There can be nothing better for an employee than the heady feeling from a resounding applause.

### ❖ The Surprise Factor

Surprise deserving employees means those who are least expecting surprise. It could be a gift certificate or a small reward of some sort. This surprise doesn't have to be limited to the best performers, but it can be randomly given to others as a motivating factor too. Anyone can be given this surprise reward.

Healthy HR practices encourage the growth of the organization, as employees after all, play a major role in the well-being of a company. Making an employee feel like a million dollars pays in the form of the success of an organization (Hasan, 2009).

## **Factors Affecting HRM Practices**

### **External Factors**

The external factors affecting HR practices are those pressures on firms that cannot be controlled and changed in a favorable way in the short run.

**These factors include the following:**

#### **Economic Changes:**

As a result of development of the global economy, the international dimension of HR practices has become more and more significant. The focus of HR practices has shifted from traditional topics such as internal selection to concepts such as globalization and international competition.

#### **Technological Changes:**

Technology affects HRM to a greater extent because of high degree of interaction between technology and HR. Technology changes the way the employees' work, the roles they undertake and the interactions through which work gets done. The technology facilitates the growth of a multinational enterprise but generates simultaneous problem of "unpluggedness" among a geographically dispersed workforce. The technology lies at the heart of manufacturing industry. It provides a



series of business advantages. Technological developments alter the context of HR practices and the way they are implemented.

## **National Culture**

The culture has crucial importance in organizations preferences in developing appropriate structure and methods for HR Practices affectivity.

## **Industry or Sector Characteristics:**

Organizations can be classified into manufacturing and service organizations for the purpose of analyzing the HRM practices. The idea behind this classification is the fact that different production processes necessitates different HR practices.

## **Legislations /Regulations**

Legislations and regulations are frequently cited as having a direct impact on HR practices. Every country has developed a set of regulations for the management of human resources. So, the HRM practices have to be designed or modified according to these regulations.

## **Actions of Competitors**

There are many ways in which companies can gain a competitive edge or a lasting and sustained advantage over their competitors, among them, being the development of comprehensive human resource practices.

## **Action of Unions**

The presence or absence of unions in organizations is a salient variable known to be associated with some HR.

## **HRM Challenges**

One of the challenges HR managers face is issues of up gradation of the skill set through training and development in the face of high attrition. Indian companies are recognizing their responsibilities to enhance the employee's opportunity to develop skills and abilities for full performance within the position and for career advancement.

## **Progressive Human Resource Policies**

Today, most Indian companies are committed to providing equal employment opportunities for all. The employers are increasingly realizing the value of trained human resource, especially women in India. Some organizations are changing their HR policies to stick with their valuable employees. MNCs like PepsiCo are providing flexibility so that female employees at various life stages could benefit from these policies like working from a different city, sabbatical from corporate life, and extended maternity leave.

## **Globalization**

As a result of globalization, the whole world has become a single market. The companies have crossed the boundaries of their country of origin and opened their operations in other countries. This has created a challenge for the organization in terms of management of human resources. Some companies have tried to transfer the HRM practices from one country to another but it has been found that some practices can be transferred across nations almost without any change but some must be modified to become workable in another setting and some are more deeply culture-specific and may not always be transferable. The findings of the study conducted support the argument that multinational companies' HRM practices are more prone to local cultural influences than their overall policies and strategies. Moreover, some of the practices which the company had imported from abroad had to be modified to make them workable and has given its local cultural and non-cultural contexts.

## **Internal Factors**

The Internal environment of organizations strongly affects their HR practices. According to researchers internal factor have compiled a lengthy list of organizational characteristics related to HR practices.

### **The Important Internal Factors are as follows:**

#### **Organizations Size:**

According to evidence, there is a large number of small firms that do not institute formal HR practices in large organizations and for each functional level, there may a need for a different HR department.

#### **Organizational Structure**

A firm's strategy and structure are important in determining HR practices flexibility and integration. There are important structural differences among firms that affect the way in which HR practices are designed and implemented.

#### **Business Strategy**

To gain competitive advantage, firms use different competitive strategies. These strategies are more productive when they are systematically linked with human resource practices that consistently support their chosen strategy.

#### **Human Resource Strategy**

HR strategy is an important determinant of both intensity and diversity of HR practices . As a rule, HR practices are shaped in accordance with HR strategy.

#### **History, Tradition and past practices**

A number of closely related factors, such as history, traditions and past practices tend to generate resistance and change in most organizations.

## **Top Management**

The influence of top management on HR practices is acknowledged by most writers, to the extent of advising that top managements support should be present in designing and implementing HR policies.

## **Line Management**

Line Management participation in designing and implementing HR activities is the key to organizational success. Since, line managers are responsible for creating value, they should integrate HR practices in their work.

## **Power and Politics**

It is found that organizational power and politics as exercised by various constituencies are crucial determinants of HR practices.

## **Academic and Professional influence on HR Practices:**

HR staffs are often involved in the decision making process about HR policies and practices. Their knowledge about alternative HR practices may represent important variables in their own right. (Tiwari, 2012).

## **Job satisfaction**

The sense of fulfilment and pride felt by people who enjoy their work and do it well. Various factors influence job satisfaction, and the understanding of the significance of these stems in part from Frederick Herzberg. He called elements such as remuneration, working relationships, status, and job security "hygiene factors" because they concern the context in which somebody works. Hygiene factors do not in themselves promote job satisfaction, but serve primarily to prevent job dissatisfaction. Motivators contribute to job satisfaction and include achievement, recognition, the work itself, responsibility, advancement, and growth. An absence of job satisfaction can lead to poor motivation, stress, absenteeism, and high labour turnover.

One of the most used research definition of job satisfaction was narrated by Locke in 1976, who defined it as “a pleasant or optimistic arousing state consequential from the evaluation of one’s job or job experiences”. Inherent in Locke’s definition was the significance of both affects, or emotion and cognition or thoughts. Whenever they imagine, they have belief about what they consider. On the contrary, when we feel, they assume about what they believe. Cognition and influence are thus inextricably related in psychology and even in biology. Thus, while evaluating the jobs most important factor was both thinking and feeling involved.

The foremost job satisfaction area was dependent on the nature of the job itself, which integrated job challenges, autonomy, skill variety job scope, best predicted overall job satisfaction, and other important outcomes like job retention. Thus, to comprehend what made people to be satisfied with their jobs, nature of job itself was one of the first places for researchers to spotlighting. There was an emerging interest amongst the human resource researchers and professionals to find a degree to which employees were satisfied with their jobs, and more usually in comfort at job. Marks, discussed a positive linkage between employees’ happiness and productivity. It has studied this interest in employee happiness which reflected in other fields, especially within the new ‘economics of happiness’ literature.

In order to explore the association between HR practices and job satisfaction, there has been extensive debate in the literature over the sound effects of HR practices on job satisfaction. The job satisfaction as a key variable mediates or intervene any positive link between human resources (HR) practices and organizational performance. In disparity, researchers suggested that in UK, the implementation of human resources practices has been related with higher levels of job intensity that resultantly lowered the levels of job satisfaction. It is noted that human resource practices were adopted as part of a high performance work system that were not mainly premeditated to increase job satisfaction, in practice they might or might not have such effect.

It might be the case that human resource practices have impact on job satisfaction such as satisfaction with sense of achievement or satisfaction with salary. Hence, future research is required to assess the actual effects of human resource practices on individual's job satisfaction and overall job satisfaction. Human resource practices were not the only factors influencing job satisfaction. Job effort, for example, could be seen as one other important factor, hence, higher work intensity might be expected to lower reported job satisfaction, other things being equal. The higher work effort in Britain, in conjunction with decreasing task discretion, was a key factor behind the fall in reported job satisfaction among British workers over the 1990s. In addition, job security has been viewed as an important influence on satisfaction with work, with higher job security positively related to higher satisfaction with work (Rehman, 2012).

### **Relationships and Practical Implications of Job Satisfaction:**

Job Satisfaction can be an important indicator of how employees feel about their jobs and a predictor of work behaviours such as organizational citizenship, absenteeism, and turnover. Further, job satisfaction can partially mediate the relationship of personality variables and deviant work behaviours. One common research finding is that job satisfaction is correlated with life satisfaction. This correlation is reciprocal, meaning people who are satisfied with life tend to be satisfied with their job and people who are satisfied with their job tend to be satisfied with life. However, some research has found that job satisfaction is not significantly related to life satisfaction when other variables such as non work satisfaction and core self-evaluations are taken into account.

An important finding for organizations to note is that job satisfaction has a rather tenuous correlation to productivity on the job. This is a vital piece of information to researchers and businesses, as the idea that satisfaction and job performance are directly related to one another is often cited in the media and in some non-academic management literature. In short, the relationship of satisfaction to productivity is not necessarily straightforward and can be influenced by a number of other work related constructs and the notion that a happy worker is a productive

worker should not be the foundation of organizational decision making. With regard to job performance, employee personality may be more important than job satisfaction. The link between job satisfaction and performance is thought to be a spurious relationship instead, both satisfaction and performance are the result of personality.

### **The Factors influencing Job Satisfaction**

1. **Pay:** Wages and salaries are important factors for job satisfaction. Money not only helps personnel attain their basic needs but also instrumental in providing upper-level needs satisfaction. A study of 2000 managers demonstrated that the amount of wages received was very positively related to satisfaction, even with managerial level held constant.
2. **Work Itself:** “The Motivation to Work” was published in 1959, evidence has been accumulated that the work itself plays a significant role in attaining job satisfaction.
3. **Supervision:** The behavior of the supervisor plays an important role with regard to employees’ reactions to a problematic event. It was showed that the employees who perceived their supervisor as more approachable and responsive were more likely to voice their concern.
4. **Promotion Possibilities:** Promotion possibilities involve the availability of advancement opportunities. If people think that they will not have much promotion possibilities, they may be affected adversely. The most well known study on the subject was done by Sirato who found a negative relationship between measures of promotional frustration and measures of attitudes toward the company.
5. **Peers:** Interaction with peers is an important factor in job satisfaction. A study in an automobile industry demonstrated that isolated workers disliked their jobs. Similarly, it was found that only 43% of the “isolates” in work groups were highly satisfied with their jobs.
6. **Working Conditions:** Providing good physical working conditions (e.g. cleanliness of the working place, lightening, adequate tools and equipment) enables employees to carry out their jobs easily, comfortably and efficiently.



Working conditions such as flexible time, job sharing and shorter workweeks are quite valued by employees because they can facilitate valued off the job activities such as pursuing hobbies.

### **The Factors Related to Individual**

1. **Individual's Loyalty To Company:** If individuals are satisfied with their job, they remain in their profession longer. Some individuals want to stay in the organization due to their normative commitment, referring to an employee's desire to stay with the organization based on a sense of duty, loyalty or more obligations. Hackett, Bycio and Hausdorf found that job satisfaction had a positive influence on normative commitment.
2. **Experience:** According to Lawler work, experiences have profound effects on the individual employee. Individual's responded favorably or unfavorably toward many things and work, for example, their response stems from a number of factors like work experiences.
3. **Age and Gender:** Age is one of the individual factors affecting job satisfaction. It is concluded that elder workers are more satisfied. It is founded that there is a meaningful relation between age and job satisfaction. Gender is one of the individual factors affecting job satisfaction. The largest economic study about this subject was performed in 1997 by Clark, using the data obtained from 1991 British Household Panel Survey (BHPS). Unless some factors were remained constant, the job satisfaction of women was higher than men.
4. **Education:** According to the study of Dold and Duff, it was observed that graduates of career oriented disciplines were more satisfied with their jobs rather than other graduates. The highest levels of job satisfaction were reported by the individuals in agriculture and education with 64% in each category, being very satisfied with their jobs.



## Consequences of Job Dissatisfaction

- 1 **Absenteeism:** Failure to report to work absenteeism appears to be associated with job dissatisfaction. A review of the literature on factors associated with job attendance concluded that job satisfaction was one of the major influences on attendance, although it is only one of the major factors. Job satisfaction has effect the determination of staying in or leaving the organization. If personnel are dissatisfied with their work, they are likely to leave from the organization. If personnel believe that they are treated fairly and getting rewards they are unlikely to leave the organization. There are some factors with the relationship between satisfaction and turnover. These are commitment and general economy. The personnel who are committed to the organization and believe that they can do an empirical Study of the Relationship among Job Satisfaction and Organizational Commitment and don't find any other job because of bad general economy prefer to stay in the organization.
- 2 **Low Productivity:** Most people believe that satisfied personnel are more productive. But the available evidence suggests that the relationship between job satisfaction and productivity is very weak.
- 3 **Early Retirement:** Another interest is the relationship between job satisfaction and the decision to take early retirement. Studies in this area shows that personnel who have positive attitudes toward their jobs do not prefer early retirement.
- 4 **Low Organizational Commitment:** Dissatisfaction is also a major cause of declining organizational commitment. Commitment implies a willingness to put effort on the organization's behalf and an intention to stay with the organization for a long time.
- 5 **Mental and Physical Health:** Researches in this area report that personnel who are highly satisfied tend to have better mental and physical health. Personnel who have better mental and physical health can learn new job-related tasks more quickly, have fewer on the job accidents and file fewer grievances.

- 6 Life Satisfaction:** Another issue concerns the contribution of job satisfaction to overall life satisfaction. Life satisfaction means how personnel are satisfied with their life. Recent studies have found that there is a positive correlation between Life satisfaction and Job satisfaction. (Aydogdu & Askgil, 2011).

This chapter deals with the relationship between HR Practices on Organizational Commitment and Job Satisfaction. The next chapter is devoted to the recruitment practices in Public Sector Undertakings- A comparative study of BHEL and NTPC.

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**Chapter- 7**

**Recruitment Practices in  
Public Sector Undertakings-  
A Comparative Study of  
BHEL and NTPC**

- ❖ **Introduction**
- ❖ **Data Collection**
- ❖ **Universe**
- ❖ **Sample**
- ❖ **Questionnaire**
- ❖ **Administration of Questionnaire**
- ❖ **Response**
- ❖ **Analyses of Collection Data**
- ❖ **Demographic Profile**
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## **Chapter-7**

### **Recruitment Practices in Public Sector Undertakings- A Comparative Study of BHEL and NTPC**

#### **Introduction**

The previous chapter dealt with the relationship between HR practices on Organizational Commitment and Job Satisfaction and focus on the factors that influence organizational commitment, consequences of organizational commitment, human resource management practices, factors affecting HRM Practices, HRM challenges, progressive HR Policies, globalization, internal Factors, organizational structure. The present chapter also takes into consideration the testing of hypotheses, analyses of collection data, demographic profile, data analyses, reliability and validity test and summary of hypotheses testing.

The hiring market in India has witnessed dramatic changes in the past decade with companies facing an increasing talent crunch. While the number of people joining the workforce is still high, and employable brains are in short supply. Employees are now calling the shots, with companies that are ready to offer excellent benefit packages that promise superb work life balance.

The main sector hit by these changes has been the sector which is also considered to be the most lucrative from an employee's point of view. It has become an ultra-competitive market, with soaring employee turnover and a widening supply-demand gap. This has forced the industry to become very aggressive and made it necessary to try more innovative recruitment tactics.

Job fairs, online talent auctions, talent referral programmes, job sites and walk-in tours of employer campuses are just some of the popular means to bring home the best talent being used by various Multi-National Corporations. Private sector firms are also poaching heavily into public sector companies and the armed forces. Given the supply-demand gap in the market, firms are devising multi-prong strategies to beat the competition. This includes campus recruitments, internal job postings, employee referrals, availing the services of placement consultants, participating in job fairs and

advertising in newspapers and job portals (<http://www.tmp.com/articles/current-trends-within-the-indian-recruitment-market/411/>).

The human resources are the most important assets of an organization. The success or failure of organizations is largely dependent on the caliber of the people working therein. Without positive and creative contributions from people, organizations cannot progress and prosper. In order to achieve the goals or the activities of an organization, therefore, we need to recruit people with requisite skills, qualifications and experience. While doing so, we have to keep the present as well as the future requirements of the organization in mind (<http://www.article /recruitment practices -1204733.html>).

The foregoing Section-I presented demographic explanation of recruitment practices and delineated on its nature and scope. Also the attributes of recruitment practices and their respective dimensions have been diagrammatically represented and textually explained at length. The various factors included in each attribute that capture and reflect the recruitment practices of the service quality have been identified for use in the collection of data for the purpose of this study.

The present Section-II is accordingly ear-marked for collection of data. The analysis and interpretation of data with the help of statistical tools has also been carried out in this section. On the basis of logical inferences drawn from the analysis and interpretation of facts and figures, the hypothesis formulated for the study has been tested at the end.

## **Data Collection**

The study bases itself on primary data collected by using the Questionnaire for ascertaining the recruitment Practices of Public Sector in India. The information has been elicited through a field survey by means of a well designed questionnaire comprising of queries on the various attributes, e.g., role of the human resource department, recruitment policies, selection, advertising, short listing and job satisfaction. The questionnaire has been administered on a randomly selected sample of employees availing Recruitment Practices from the BHEL and NTPC. The spread of survey covers one district of the State of Uttarakhand and one of Uttar Pradesh. A blow-up of the methodology adopted for primary data collection is presented below.

## **Universe**

The universe or population represents the entire group of units concerned with the particular study. Thus, the population could consist of all the living and non-living units in the country, or those in a particular geographical location, or a specific ethnic or economic group, depending on the purpose and coverage of the study.

In the present study, all the Employees of Public Sector Undertakings in India are considered as Universe. These are the Employees who have their working in different Public Sector Undertakings units of the country. The universe of this study is specifically concerned with those Employees of Public Sector in India who are availing services of Public Sector Undertakings.

As the collection of complete data from all the Employees in the universe is not possible, a select sample of geographical areas as well as of Employees is chosen for data collection for this study.

## **Sample**

Sample represents the subset of population. A sample is a finite part of a statistical Population whose properties are studied to gain information about the whole. When, dealing with people, it can be defined as a set of respondents (people) selected from a large population for the purpose of a survey.

For this research, samples have to be taken since it is not possible to cover such a vast country as India on account of impediments of time, finance and other resources required for the purpose. Hence, the geographical area for the survey as well as the Public Sector Undertakings employees (respondents) for the questionnaire have been selected in such a manner that the whole country is represented and the conduct of research work gets convenient in handling and possible for completion.

As regards the geographical coverage, the Northern Region, which stands out as the biggest region of India, has been chosen. Since this region consists of large number of cities spread over different States, necessity arose to further abridge the geographical area selecting a few important cities from the Northern Region of India. Accordingly, two big cities have been taken as sample for survey under this study. These two cities are spread in northern Indian area: Noida and Hardwar.



Respondents have been drawn from the two cities to a manageable handling limit of 500, of which 400 respondents gave response and among that only 300 questionnaires were selected for the study. The selection of these respondents is at random. This mode of selection rules out any bias creeping into the opinion survey and lends lot of credence to the outcome of the study.

## **Questionnaire**

Descriptive research has been conducted to gain an insight into employees Recruitment Practices, offered by Public Sector Units. A structured questionnaire based on Survey has been used for data collection for this research with some modification. The modified questionnaire maintains the number of dimensions of six. Thus, the six dimensions of questionnaire comprise role of the human resource department, recruitment policies, selection, advertising, short listing and job satisfaction. The design and structure of the questionnaire is simple, study specific unambiguous and capable of seeking objective type of answers through marking a tick only.

The queries which elicit the information about the recruitment Practices fewer than six dimensions have a direct bearing on the hypotheses of this study. Each of the six dimensions asks questions specifically related to the dimensions. The employees have been requested to rate the variables at five point scale on the basis of their perceived dimensions and their satisfaction level towards the Public Sector undertakings. Against every question in each statement, five options of answers are given, i.e. 'Strongly Agree', 'Agree', 'Neutral', 'Disagree' and 'Strongly Disagree'. Each respondent is advised to tick the option that represents the perception most truly and faithfully.

## **Administration of Questionnaire**

The universe for collection of data consists of the Employees of public sector Units spread all over India. Their full coverage being not possible on account of restraints by a host of factors, a representative sample of respondents as well as the geographical area as explained under 'Sample' technique has been taken for administering the questionnaire. The sample consists of 300 respondents (Public

Sector Undertakings) and the geographical area covered comprised of two big cities of India: Noida and Haridwar.

The mode of administration of questionnaire on respondents is through direct personal investigation. It is blended with 'convenience' of respondents. Since the sample population of Public Sector Employees comprised of educated persons who could read, understand and tick their perceptions in the boxes provided for answers in the questionnaire at their convenient time, they were handed over questionnaire to be collected from them at the pre-fixed time and date.

Yet, while getting back the questionnaire discussions and clarification were made to help get the perceptions expressed by the respondents as they really felt. Larger number of respondents approached, however, obliged by filling the questionnaire face to face. Thus, the direct investigation method adopted for this study reassures that the information collected is more accurate, reliable, and trustworthy in reflecting the results of this research.

## **Response**

Employees of the Public Sector Undertakings gave a highly encouraging response. About 500 questionnaires had been distributed out to cover the sample size of 400 out of which 300 completely filled questionnaires have been received from the two different Public sectors undertakings. The response has, thus been more than 70 percent. Moreover, the respondents took very cooperative and sincere interest and care of appropriately ticking their perceptions on the scale of preference provided in the questionnaire and returned the questionnaire duly and completely. This made the quality of data better and reliable.

## **Analysis of Collected Data**

The analysis of the various sources of recruitment and selection devices is presented on the following pages. The response gained from the HR Department (as analyzed from Questionnaire) represents the current practice within the organization in terms of the sources of recruitment and selection devices used.

The analysis of the response gained from all the departments (as analyzed from Questionnaire) forming the sample, represents the perception of the respondents from these departments in terms of the validity and effectiveness of the various sources/devices of recruitment/selection (specific to these departments). The analysis further entails any suggestions/recommendations given by these non-HR departments (forming the sample for administering Questionnaire), in terms of any recruitment source and/or selection device that should be deployed by the organization apart from what already constitutes current practice.

The information collected by means of the questionnaire from the respondents has been processed and analyzed for testing the hypothesis. The collected data is analyzed and presented with the help of SPSS 19.0. The analysis of data can be divided into two parts. Part one present the analysis of demographic profile of the respondents and the part two makes the analysis of variables factors.

## **Part One: Demographic Profile**

It is very essential to reveal the demographic profile of the employees. The profile of the employees include, age, gender, designation, educational qualification, experience.

### **1. Age of the Respondents:**

Age of the employees is one of the important profile variables of the employees .It shows their level of experience and maturity. In public sector, age plays a predominant role in their level of satisfaction on the recruitment practices of the public sector. In general the youngsters expect more than the elders who are highly experienced and emotional. The age of the employees in the present study is confined to below 20 years, 31 – 40 years, 41 -50 years .The distribution of the employees on the basis of their age is given in Table (7.1).

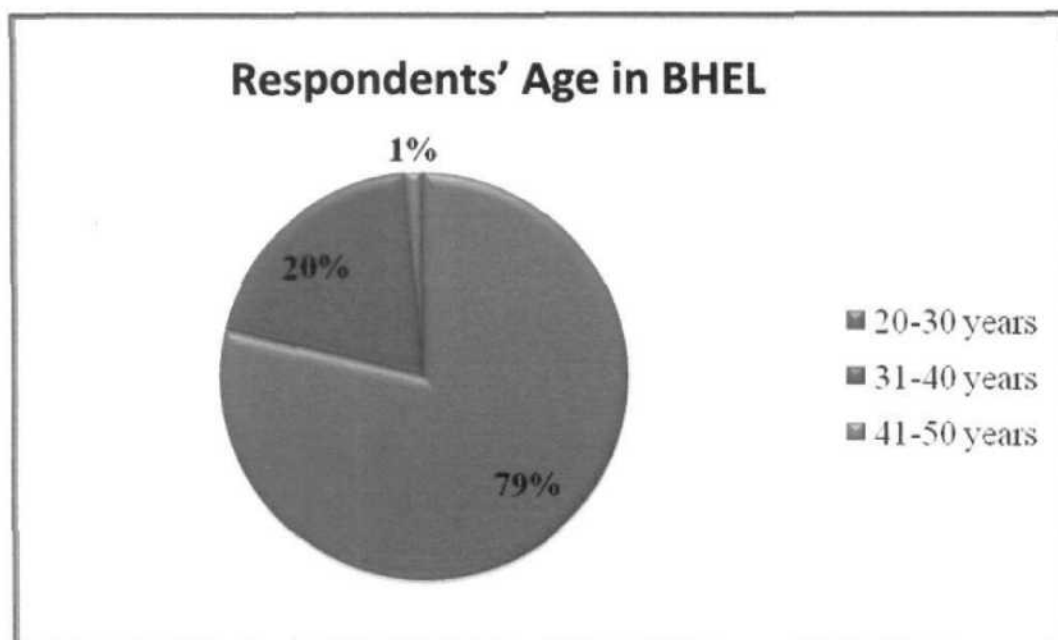
**Table: (7.1) - Age Wise Distribution of Employees**

<b>Respondent's Age</b>	<b>BHEL</b>		<b>NTPC</b>	
	<b>Frequency</b>	<b>Percent</b>	<b>Frequency</b>	<b>Percent</b>
20-30 years	118	78.7	70	46.7
31-40 years	30	20.0	73	48.7
41-50 years	2	1.3	7	4.7
Total	150	100.0	150	100.0

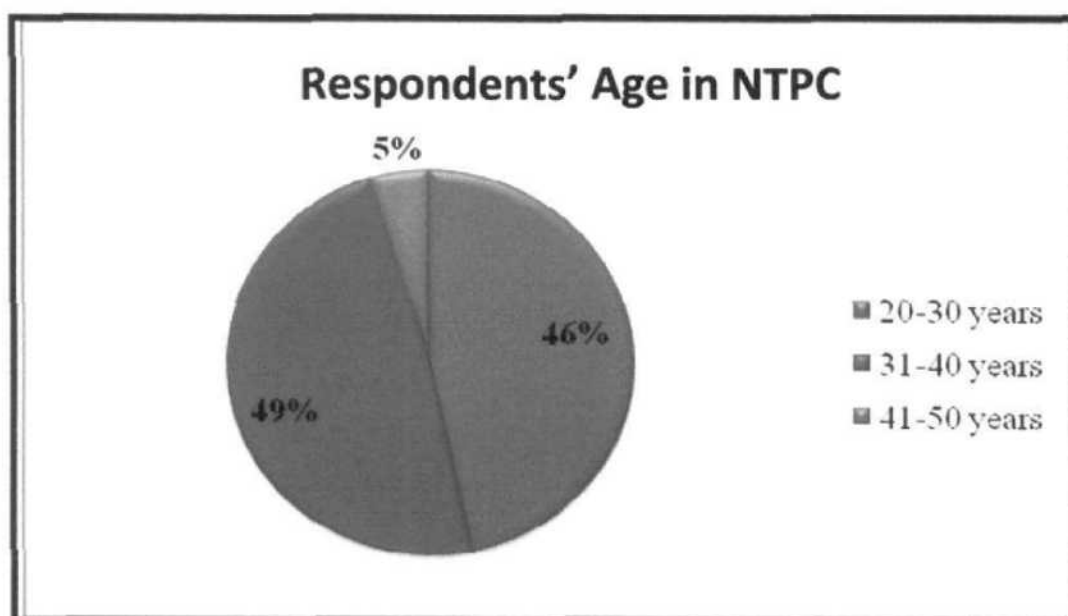
From the above table it is clear that the important age group among the employees is 20- 30 years which constitutes 78.7 percent in BHEL and 48.7 percent in NTPC. The age group 20 to 30 years constitutes the highest number of 118 employees 78.7 percent in BHEL while in NTPC the age group 31 to 40 years constitutes the highest number of 73 employees or 48.7 percent.

The age group 41 to 50 years constitutes 2 respondents in BHEL and 7 respondents' in NTPC, yielding a percentage of 1.3 and 4.7 respectively. The analysis of data reveals that the important age groups among the employees in the present study are 20 to 30 years and 31 to 40 years.

**The pie chart: (7.1) - Shows the percentage of each age category of respondents' in BHEL**



**The pie chart (7.2) - Shows the percentage of each age category of respondents' in NTPC**



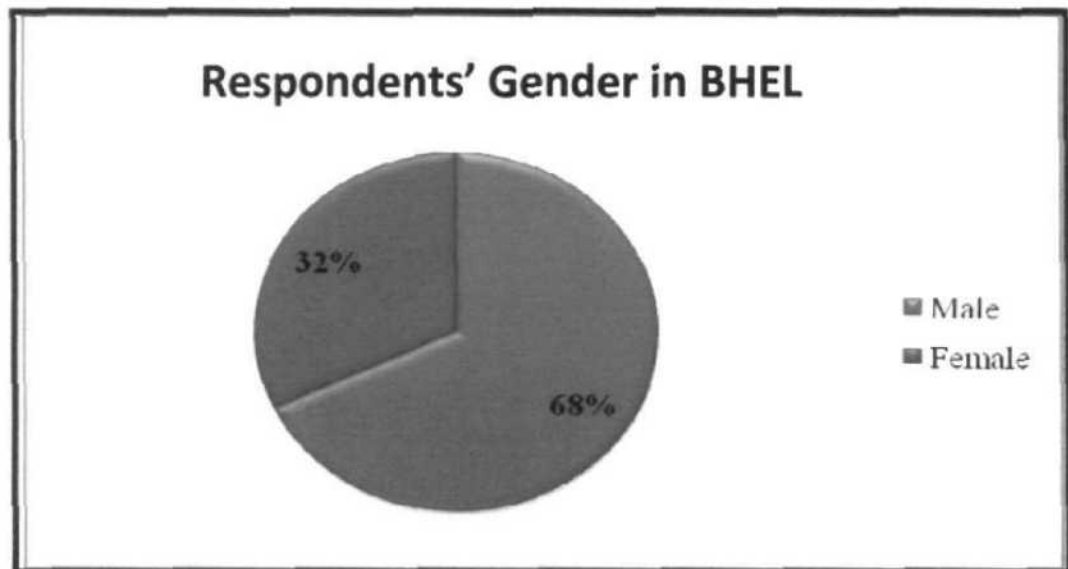
## 2. Gender of the Respondents:

When a profile of respondents was generated based on Gender it was observed that the respondents were predominantly male in all the occupational groups. This was found that males typically outnumber females in almost all professions in world by the present study ,as there are 102 male in BHEL than 120 Male in NTPC .There are 48 female in BHEL than 30 in NTPC .he present study analyses the Gender among the employees in the two groups of public sector. The results are shown in Table (7.2).

**Table: (7.2) - Gender Wise Distribution of Employees**

Respondent's Gender	BHEL		NTPC	
	Frequency	Percent	Frequency	Percent
Male	102	68.0	120	80.0
Female	48	32.0	30	20.0
Total	150	100.0	150	100.0

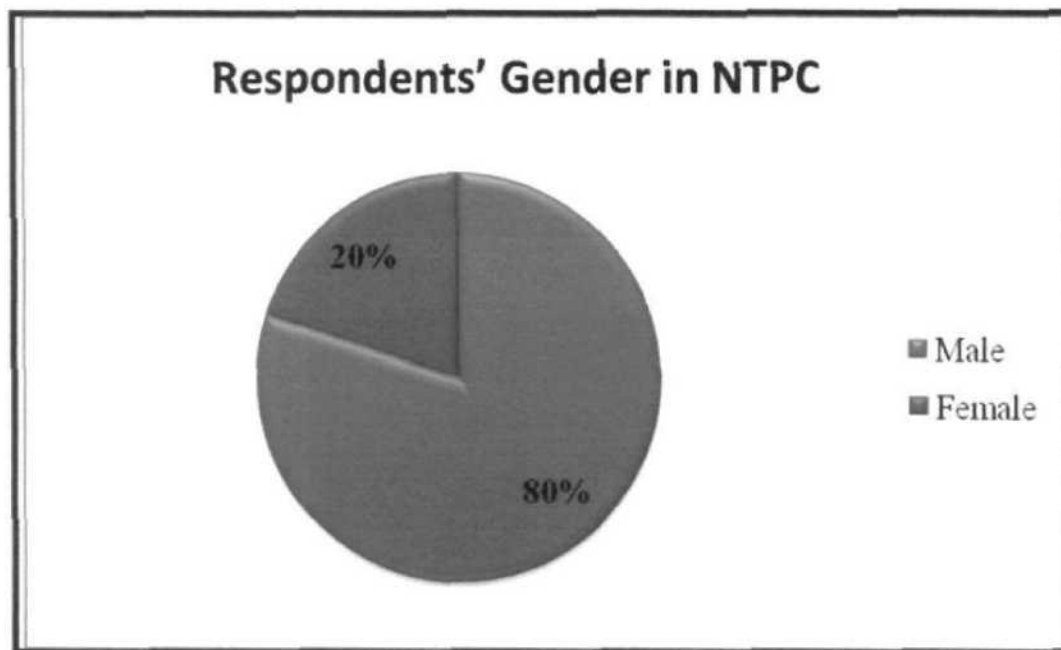
**The pie chart :( 7.3)- shows the percentage of each Gender category of respondents' in BHEL:**



From the above table it is clear that 68.0 percent of the employees are male out of the 150 employees in BHEL than 80.0 percent of the employees are male out of the 150 employees in NTPC. Among the employees of BHEL 102 are male with a percentage of 68.0 and in NTPC male employees constitutes 120 with percentage of

80.0 percent .In comparison to male employees female employees are 48 in BHEL and 30 in NTPC accounting for 32.0% and 20.0% respectively.

**The pie chart (7.4) - shows the percentage of each Gender category of respondents' in NTPC:**



### **3. Level of Qualification of the Respondents:**

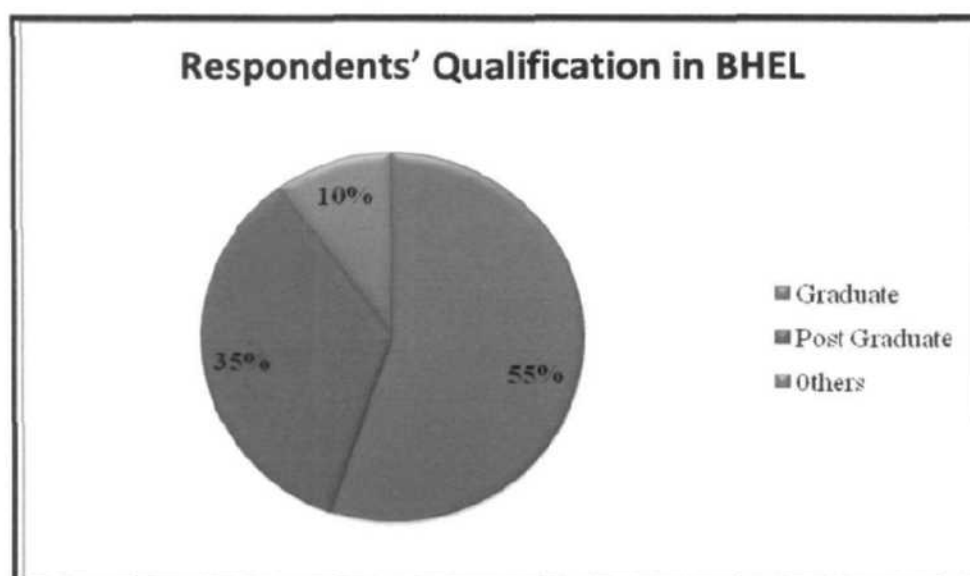
The level of education provides more Knowledge and exposure on the competitive recruitment practices offered by Public Sectors. Hence the level of education of the employees is included as one of the profile variables. The highly educated employees may be more aware of the Recruitment Practices and expect more from the public Sector as compared to uneducated customers. The education levels of employees are confined to Graduate, Post graduate, and others (including less than undergraduate). The data is computed in Table (7.3).

**Table: (7.3) - Level of Qualification of the Respondents**

Respondent's Level of Qualification	BHEL		NTPC		Total	
	Frequency	Percent	Frequency	Percent		
Graduate	83	55.3	69	46.0	152	50.667
Post Graduate	52	34.7	59	39.3	111	37
Others	15	10.0	22	14.7	37	12.333
Total	150	100.0	150	100.0	300	100

The Table explains the distribution of employees on the basis of their level of education. The dominant level of education among the employees is Graduation and Post Graduation which constitutes 50.66 percent and 37 percent to their respective total. The number of Graduate is 83 or 55.3 percent in BHEL and 69 or 46.0 percent in NTPC.

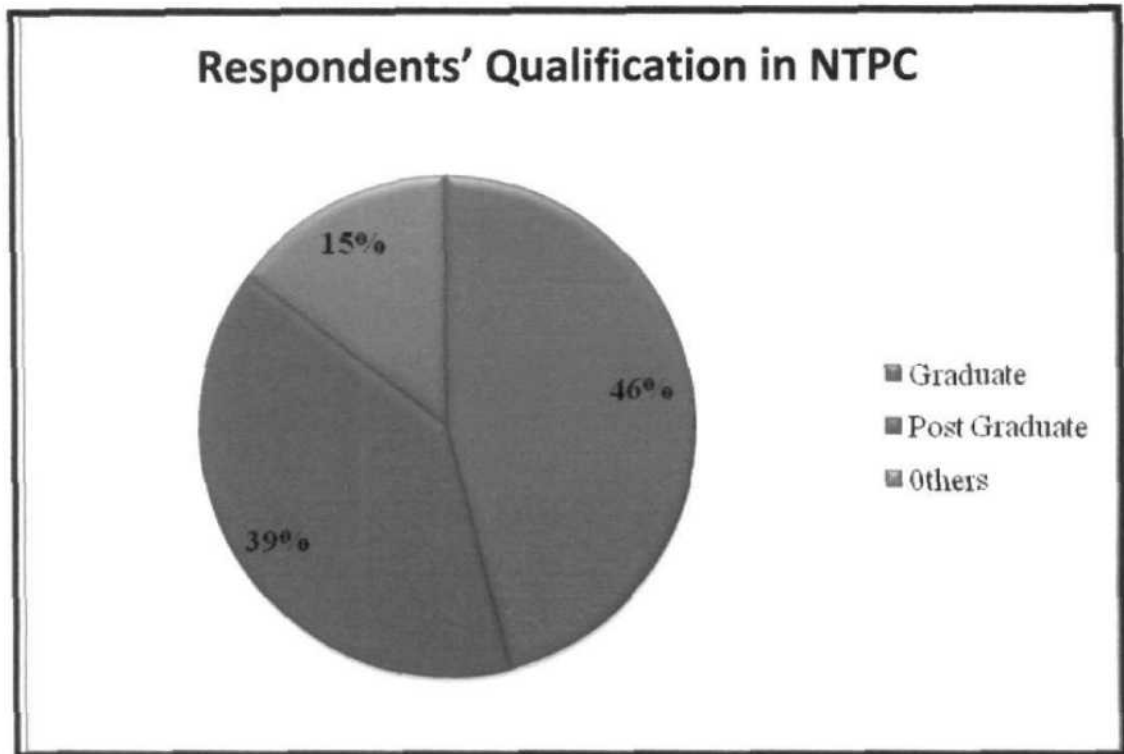
**The pie chart (7.5) - shows the percentage of each Gender category of respondents' in BHEL:**



The prominent level of education among employees is of Graduate or Post Graduate which constitute 56.3 and 34.7 percent in BHEL and 46.0 and 39.3 percent in NTPC respectively. The number of employees with the education level, 'Graduate', 'Post- graduate' and 'Others' categories are 15 and they constitute 10 percent in BHEL and 22 or 14.7 percent in NTPC.



The pie chart (7.6) - shows the percentage of each Gender category of respondents' in NTPC:

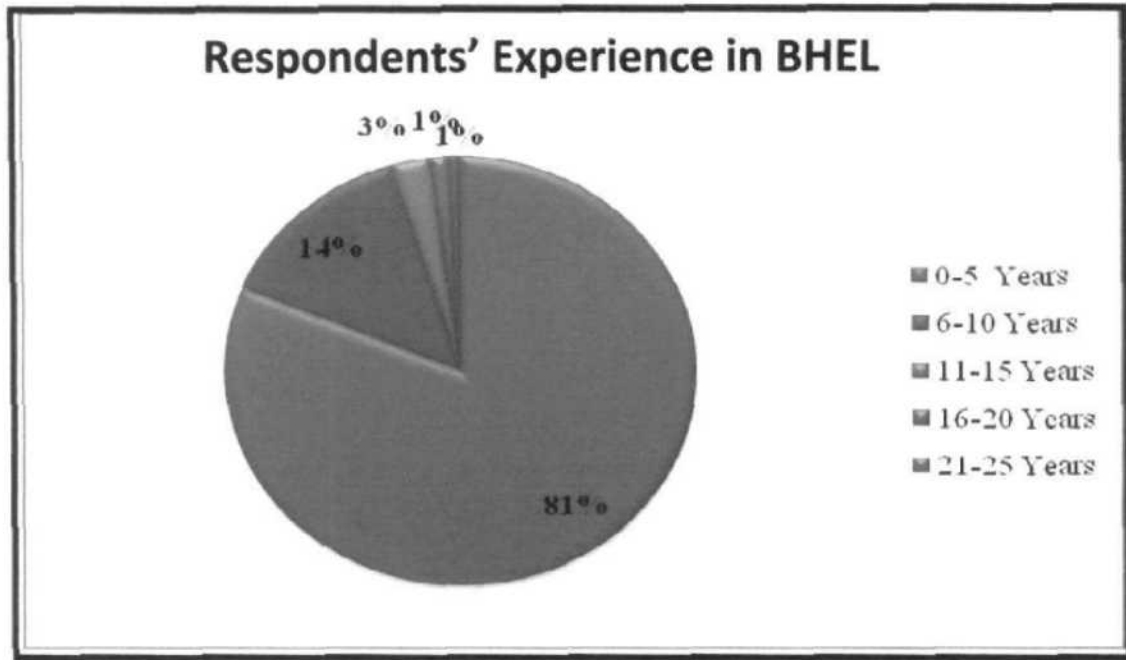


#### 4. Experience of the Respondents:

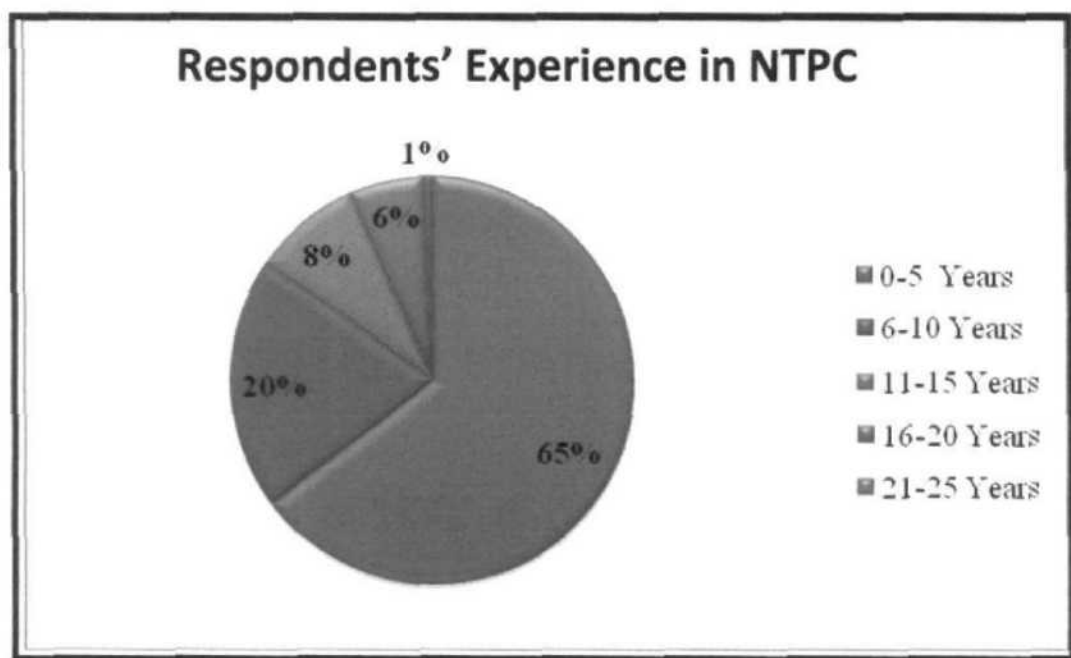
**Table: (7.4) - Level of Experience of the Respondents**

Respondent's Experience	BHEL		NTPC	
	Frequency	Percent	Frequency	Percent
0-5 Years	122	81.3	97	64.7
6-10 Years	21	14.0	30	20.0
11-15 Years	4	2.7	13	8.7
16-20 Years	2	1.3	9	6.0
21-25 Years	1	.7	1	.7
Total	150	100.0	150	100.0

The pie chart (7.7) - shows the percentage of each experience category of Respondents' In BHEL:



The pie chart: (7.8) shows the percentage of each Gender category of respondents' in NTPC:



From the above table it is clear that important experience groups among the employees is 0-5 Years which constitutes 81.3 percent in BHEL, and 64.7 percent in NTPC. 'Experience' groups of below 0-5 Years Constitutes the highest number 122 in BHEL as compare to the 97 in NTPC. The 'Experience' group of 16-20 Years

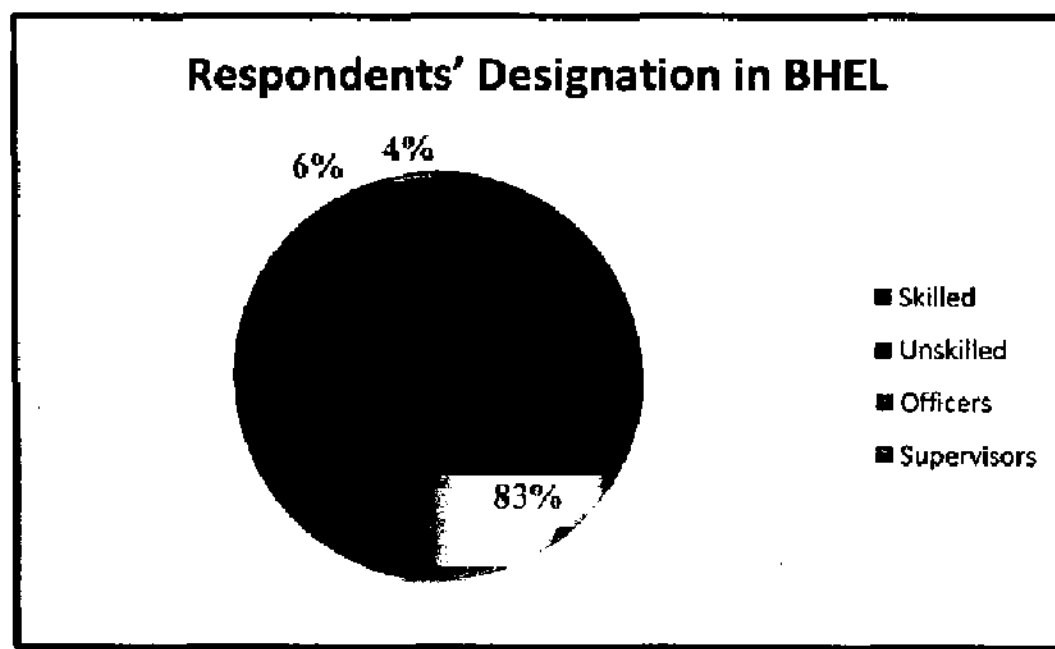
constitutes 2 Respondent in BHEL and 9 constitutes in NTPC. The experience group of 21-25 Year constitutes 1 respondent in BHEL same as 1 respondent in NTPC yielding a percentage of .7 percent respectively.

## 5. Designation of the Respondents:

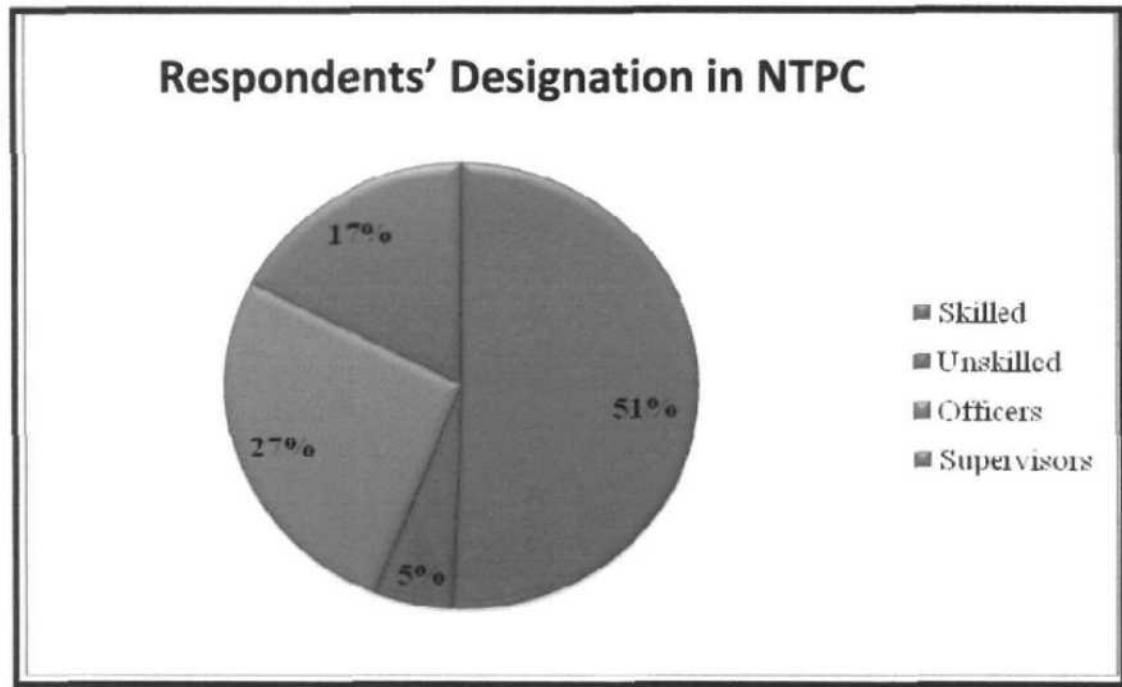
**Table: (7.5) - Designation of the Respondents**

Respondent's Experience	BHEL		NTPC	
	Frequency	Percent	Frequency	Percent
Skilled	125	83.3	76	50.7
Unskilled	10	6.7	8	5.3
Officers	9	6.0	40	26.7
Supervisors	6	4.0	26	17.3
Total	150	100.0	150	100.0

The pie chart (7.9): shows the percentage of each Gender category of respondents' in BHEL:



**The pie chart (7.10) - shows the percentage of each Gender category of respondents' in NTPC:**



The designation of the employees reveals the nature of work done by the employees. It includes as one of the profile variables. The designation of the employees is confined to skilled, Unskilled, officers and supervisors.

From the above table it is clear that important designation category is skilled category which constitutes 83.3 percent in BHEL and 50.7 percent in NTPC. The unskilled category constitutes 6.7 in BHEL and 5.3 percent in NTPC. The least category in BHEL is Supervisors which constitutes 4 percent in BHEL and in NTPC least Percent category is unskilled which constitutes 5.3 percent.

## **Part Two: Data Analysis**

To determine the mean value of each Unit with different dimensions is presented below to compare the mean value of BHEL and NTPC, The mean value analysis of each statement is helpful to compare the various dimensions on each statement .The findings and statistical analysis for this part one is illustrated in the Annexure III.

As shown in Annexure II it is found that there is positive attitude towards all questions but with different mean value in BHEL and NTPC.

So, there is no indication that the growth of employment in the public sector undertakings - particularly in recruitment practices - over the last decade or so will continue. Equally, despite regular reorganization and continued financial pressures, there are no indications that employment in the broad public sector will decline.

### **Dimension I- Role of the Human Resource Department**

As shown in Annexure II the dimension Role of the human Resource department has positive attitude in the respondents towards NTPC. Their mean values were greater than BHEL with different mean values. The statement with the high mean in this dimensions is number (3) which Say "The human resource department has enough capacity to discharge its functions effectively " where its mean is( 2.16) in NTPC in comparison to BHEL where it is (2.15) ,, whereas the lowest mean noted is (1.27) in NTPC and 1.62) in BHEL in statement number (1) which said ". The human resource department has a significant influence on the recruitment process in your department".

### **Dimension II- Recruitment Policies**

As shown in Annexure II there exist a positive attitude in the respondents towards the NTPC because their means are greater than the BHEL. The statement with the high mean in this dimension is number (8) which says, "Proper consideration is given to skills, competencies and traits before a post is advertised". The mean value of NTPC being (2.54) is greater in comparison to (2.42) in BHEL. Whereas the lowest mean was (2.01) in statement number (4) in BHEL and (1.99) in NTPC which

said “The human resource department has clear internal policies and procedures on recruitment and selection.”

### **Dimension III- Selection**

As shown in Annexure II in the dimension Selection, there exists a positive attitude in the respondents towards the NTPC in comparison to BHEL with different mean scores.

The statement with the highest mean in this dimension is number ( 13) which says, “The selection panel would recommend the appointment of candidates who have better skills and qualifications than them “.Its mean is (2.61) in NTPC and (2.17) in BHEL.

Whereas the lowest mean of (1.82) in BHEL and (1.44) in NTPC is in case of statement number (9) which said “A formal academic qualification is considered when selecting candidates”.

### **Dimension IV- Advertising**

As shown in Annexure II, there exists a positive attitude in the respondents towards the NTPC because the mean scores of NTPC are greater than the BHEL in comparison to BHEL with different mean score.

The statement with the high mean in this dimension is number (16) which says, “The relevant manager with the assistance of the human resource officer drafts the advertisement “where it’s mean has reached (2.72) in NTPC and (2.42) in BHEL.

Whereas the lowest mean is (2.08) in BHEL and (2.17) in NTPC in statement number (14) which said, “Advertisements for posts/jobs should specify the inherent requirements of the job, the job title and the core functions”.

### **Dimension V- Short listing**

As shown in Annexure II, there exists a positive attitude in the respondents towards the NTPC because the mean scores of NTPC are greater than the BHEL in comparison to BHEL with different mean score. The statement with the high mean in this dimension is number (20) which says, “Reference checks are done on all candidates”. Where it’s mean has reached (2.68) in NTPC and (2.47) in BHEL.

Whereas the lowest mean is (2.06) in BHEL and (1.69) in NTPC in statement number (24) which said, “The current recruitment process in department focuses more on internal recruitment”.

### **Dimension VI- Job Satisfaction**

As shown in Annexure II, there exists a positive attitude in the respondents towards the NTPC because the mean scores of NTPC are greater than the BHEL in comparison to BHEL with different mean score.

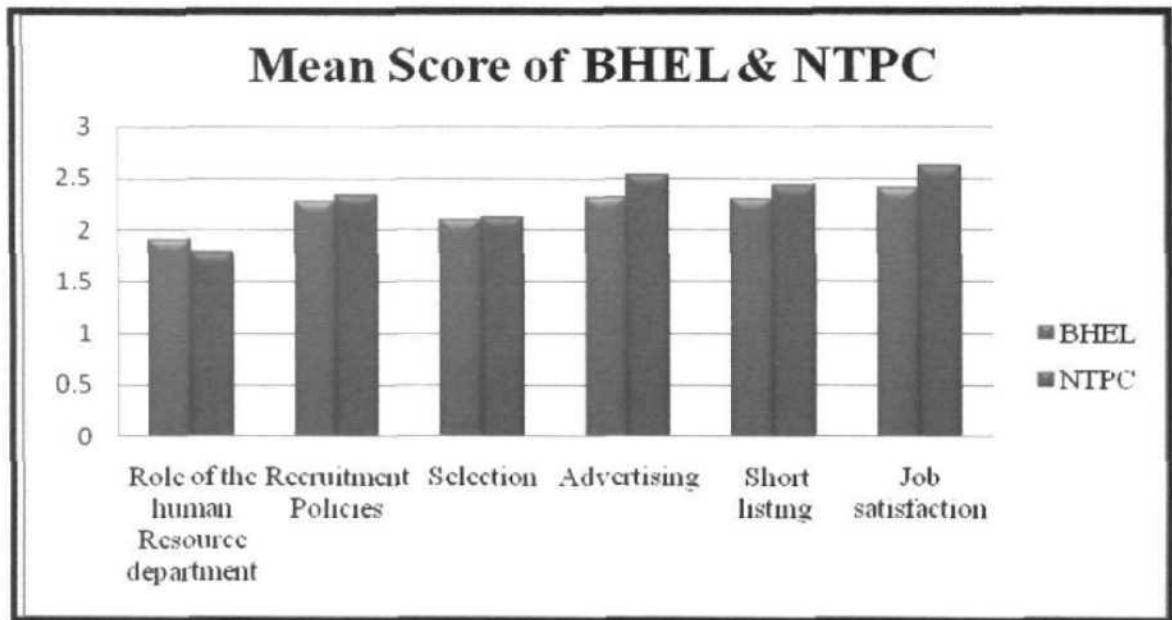
The statement with the high mean in this dimension is number (35) which says, “Overall, how satisfied are you working for the company”. Where it’s mean has reached (2.96) in NTPC and (2.44) in BHEL. Whereas the lowest mean is (2.13) in BHEL and (2.41) in NTPC in statement number (29) which said, “The organization is Committed to develop and assist the employee by providing training and development programmes”.

**Table (7.6) - Shows the Overall Mean in Each Dimension**

<b>Items Statistics</b>		
<b>Dimension</b>	<b>Mean Score</b>	
	<b>BHEL</b>	<b>NTPC</b>
<b>Role of the human Resource department</b>	1.9044	1.7733
<b>Recruitment Policies</b>	2.2760	2.3400
<b>Selection</b>	2.0960	2.1147
<b>Advertising</b>	2.3133	2.5222
<b>Short listing</b>	2.3033	2.4206
<b>Job satisfaction</b>	2.4067	2.6133

The following Table (7.6) shows the mean values of six dimensions used in analyses of data for this research. The highest mean score of 2.6133 is of ‘Job Satisfaction’ in NTPC. There is small variation in mean score of Recruitment Policies, Selection & Advertising.

**The pie chart: (7.11) - shows the MEAN of each Gender category of respondent's in BHEL & NTPC:**



## **Reliability and Validity Test**

### **Reliability Test**

Reliability is the consistency of the measurement; or the degree to which an instrument measure the same way each time it is used under the same conditions with the same object .In the present study Cronbach's alpha is used to measure the reliability of data. Cronbach's in (1951) gave a measure to that which is loosely equivalent to splitting the data into two in every possible way and computing the correlation coefficient for each split.

The average of these values is equivalent to Cronbach's alpha which is the most common measure of scale reliability.

Kline (1999) indicates that interpretation of Cronbach's alpha is estimated such that a value of 0.7 -0.8 is an acceptable value for Cronbach's alpha. Value which is substantially lower indicates an unreliable scale .Following Table shows the statement wise reliability of 35 statements.



**Table (7.7) - Cronbach's Alpha value of 35 statements**

<b>S. No.</b>	<b>Statement</b>	<b>Cronbach's Alpha</b>
1	The human resource department has a significant influence on the recruitment process in your department	.848
2	The human resource department plays a vital role in recruitment and selection.	.845
3	The human resource department has enough capacity to discharge its functions effectively.	.844
4	The human resource department has clear internal policies and procedures on recruitment and selection.	.839
5	The department adheres to these policies and procedures.	.838
6	The recruitment process is monitored to ensure fairness and transparency	.837
7	There is proper planning for the recruitment process.	.838
8	Proper consideration is given to skills, competencies and traits before a post is advertised	.839
9	A formal academic qualification is considered when selecting candidates.	.849
10	Experience takes precedence over qualifications when selecting candidates.	.845
11	The curriculum vitae, references and qualifications are checked thoroughly before appointing a candidate.	.842
12	Candidates are selected on the basis of their competency and qualification.	.838
13	The selection panel would recommend the appointment of candidates who have better skills and qualifications than them.	.837
14	Advertisements for posts/jobs should specify the inherent requirements of the job, the job title and the core functions	.840
15	Advertisements for vacancies should cater for employment equity.	.838
16	The relevant manager with the assistance of the human resource officer drafts the advertisement.	.837
17	The relevant manager shortlists applicants for interview.	.839
18	Recommendations by the selection panel are considered by the next higher level in the institution	.839
19	Qualifications are verified by the human resource department.	.837
20	Reference checks are done on all candidates	.838
21	The selection process is done in a fair and acceptable manner.	.839
22	Employment equity is considered when short listing candidates.	.838
23	Shortlisted candidates are requested to produce original certificates during interviews.	.840
24	The current recruitment process in department focuses more on internal recruitment	.849

25	The current recruitment process in department focuses more on external recruitment.	.845
26	The recruitment Practice includes the Organisational commitment to its status as an equal opportunity for employer.	.841
27	The policy state or includes the disciplinary dismissal and grievances procedure.	.840
28	The Organization is fulfilling its mandate to develop and implement human resource policy	.839
29	The organization is Committed to develop and assist the employee by providing training and development programmes.	.839
30	The organization has the capacity to discharge its HR policy effectively and provides Job satisfaction to employee at managerial level.	.839
31	There is a good communication from employees to manager in the company.	.840
32	I receive the right amount of recognition for my work.	.838
33	The amount of work expected to me is reasonable.	.839
34	The morale of employee is high in my department	.838
35	Overall, how satisfied are you working for the company	.841

The above table indicates the reliability of scale by calculating Cronbach's alpha. The items where the value of alpha is more than 0.7 are considered significant for this research. The reliability table shows the statement wise values of alpha, which is more than 0.7 in each statement.

### **Validity of test:**

Validity is the strength of our conclusions, inferences or propositions. Cook and Campbell (1979) define it as the "best available approximation to the truth or falsity of a given inferences, proposition or conclusion".

The test of validity of data for factor analysis has been conducted with the help of KMO measure and Bartlett's test of Sphericity.

The Kaiser-Meyer-Olkin (KMO) measures the validity of the dimensions for factor analysis. The KMO statistics varies between 0 and 1 .The"o" value indicates that the sum of partial correlations is large relative to the sum of correlations, indicating diffusion in the pattern of correlations. A value close to 1 indicates that

patterns of correlation are relatively compact and so factor analysis should yield distinct and reliable factors.

Table(7.8) :KMO and Bartlett's Test		
<b>Kaiser- Mayer- Olkin measures of sampling Adequacy</b>		.801
<b>Bartlett's Test of Sphericity</b>	Approx.chi-square	3.308E3
	Df	595
	Sig	.000

Kaiser (1974) recommends accepting values greater than 0.5 as acceptable, values between 0.5 and 0.7 are mediocre, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great and values above 0.9 are superb. For these data the values is 0.801 which falls in the range of being good. So the validity of data is confirmed. Following table shows the results of Kaiser-Mayer-Olkin (KMO) measures of sampling Adequacy of the data.

Bartlett's measure tests the null hypotheses that the original correlation matrix is an identity matrix. For factor analysis to work we used some relationships between variables and if the R- matrix were an identity matrix then all correlation coefficient would be zero. Therefore, we want those tests to be significant (i.e. have a significant value less than 0.05). A significant test tells us that the R –matrix is not an identity matrix. Therefore, there is some relationship between the variables to include in the analysis. For these data, Bartlett's test is highly significant ( $P < 0.001$ ), and therefore, factor analysis is approximate.

Annexure IV shows the results of rotated component matrix. All the values of extraction are more than 0.40. Therefore, the data is found suitable for further analysis.

### **Part Three: Testing of Hypotheses**

Hypotheses testing are very important phase of the research process which determines the results of the analysis. The primary data collected has been tabulated and transferred to SPSS ( Statistical package for Social Science ) from Microsoft Excel file .SPSS software has been used to analyze the primary data to test the hypotheses of the study .Necessary statistical tools have been applied for the analysis of this research while using SPSS software . The mean, Independent Sample T- test and One –Way ANOVA (analysis of variance) and others statistical tests were used to compute the result.

For hypothesis testing mostly independent t- test and one way analysis of variance (ANOVA) has been used for the analysis of data. In the present study hypothesis were tested with the help of these two statistical tools.

#### **Independent Sample t-test**

The Independent-Samples T Test procedure compares means for two groups of cases. Ideally, for this test, the subjects should be randomly assigned to two groups, so that any difference in response is due to the treatment (or lack of treatment) and not to other factors. This is not the case if you compare average income for males and females. A person is not randomly assigned to be a male or female. In such situations, you should ensure that differences in other factors are not masking or enhancing a significant difference in means. Differences in average income may be influenced by factors such as education.

For this study researcher has compared the mean values of the BHEL and NTPC on the different recruitment practices in India. Independent t- test is used to signify the Hypothesis testing. When reporting the result of an independent t t-test. It is necessary to include the t- statistic value, the degree of freedom and the significant value of the test (P value).

The result is computed as  $t(df)$  –t- statistic,  $P$  =significance value.

For computing the result statistical packages like SPSS is used. The data are transferred to SPSS package and then compared the results. Statistical test are available to assess whether the two sample variance are significantly different. All statistical tests produce a p-value and this is equal to the probability of obtaining the

observed difference, or one more extreme, if the null hypothesis is true. To put it another way if the null hypothesis is true, the p-value is the probability of obtaining a difference at least as large as the observed due to sampling variation.

Consequently, if the p- value is small, the data support the alternative hypothesis; if the p- value is large the data support the null hypothesis. A p- value of 0.05 (5%) is generally regarded as sufficiently small to reject the null hypothesis .If the p- value is larger than 0.01 then the null hypothesis is accepted. The significance value considered for the present statistical test is 0.05(5%). The 1% value is also commonly used in research to test the hypothesis.

In the present study there are two levels of the independent variable of (e.g. BHEL and NTPC). If the data contains more than two variables then t- test is inappropriate. For that purpose another statistical tool of analysis of variance (ANOVA) is used.

The One-Way ANOVA procedure produces a one-way analysis of variance for a quantitative dependent variable by a single factor (independent) variable. Analysis of variance is used to test the hypothesis that several means are equal. This technique is an extension of the two-sample *t* test.

In addition to determination that differences exist among the means, you may want to know which means differ. There are two types of tests for comparing means: a priori contrasts and post hoc tests. Contrasts are tests set up *before* running the experiment and post hoc tests are run *after* the experiment has been conducted. You can also test for trends across categories.

**Statistics:** For each variable: sample size, mean, standard deviation, and standard error of the mean. For the difference in means: mean, standard error, and confidence interval (you can specify the confidence level). **Tests:** Levene's test for equality of variances and both pooled-variances and separate-variances *t* tests for equality of means.

## **HYPOTHESIS (1)**

*H<sub>0</sub>: There is no significant difference in the perception of employees on the Recruitment Practices with dimension “Role of human resource department” between BHEL & NTPC Public Sector Undertaking.*

*H<sub>01</sub>: There is significant difference in the perception of employees on the Recruitment Practices with dimension “Role of human resource department” between BHEL & NTPC Public Sector Undertaking.*

In order to test the hypothesis, Independent Sample Test t- test is applied because it compares the Recruitment Practices of dimension “Role of human resource department” in BHEL and NTPC.

**Table (7.9) - Showing the Mean, Std. Deviation and Std. Error of  
Role of Human Resource Department in BHEL and NTPC.**

Group Statistics				
Role of human resource department				
Organization	N	Mean	Std. deviation	Std. Error Mean
BHEL	150	1.9044	.50551	.04127
NTPC	150	1.7733	.42008	.03430

From the above table descriptive statistics is shown .This table indicates the mean value and standard deviation obtained by BHEL and NTPC on the dimension of “Role of human resource department” of Recruitment Practices in Public sector undertakings.

It is found from the above table that the BHEL have the highest mean value of 1.9044 on five point scale and std. deviation of .50551. This is clear indication that the employees of BHEL have a positive perception on the dimension of “Role of human resource department” in comparison to NTPC.

**Table (7.10) - Showing the F-value and Sig. value of Role of Human Resource Department between BHEL and NTPC**

<b>Independent Samples Test</b>						
<b>Role of human resource department</b>						
	<b>Levene's Test for Equality of Variances</b>					
	<b>F</b>	<b>Sig.</b>	<b>t</b>	<b>Df</b>	<b>Sig. (2- tailed)</b>	<b>Mean Difference</b>
						<b>Std. Error Difference</b>
Equal variances assumed	1.450	.230	2.443	298	.015	.13111
Equal variances not assumed			2.443	288.340	.015	.13111

Table (7.10) shows the results of independent sample test used to access the difference with perception of employees towards the dimension of “Role of human resource department” of Recruitment Practices in BHEL and NTPC.

The t- value is 2.443 and sig. Value is 0.015 which is less than 0.05 (95 Percent Confidence Interval), which indicates that there exist difference in the perception of employees in the Recruitment Practices of “Role of human resource department” between BHEL and NTPC.

Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Role of human resource department” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.

## **HYPOTHESIS (2)**

*H<sub>0</sub>: There is no significant difference in the perception of employees on the Recruitment Practices with dimension “Recruitment Policies” between BHEL & NTPC Public Sector Undertaking.*

*H<sub>01</sub>: There is significant difference in the perception of employees on the Recruitment Practices with dimension “Recruitment Policies” between BHEL & NTPC Public Sector Undertaking.*

In order to test the hypothesis, Independent Sample Test t- test is applied because it compares the Recruitment Practices of dimension “Recruitment Policies” in BHEL and NTPC.

**Table (7.11) - Showing the Mean, Std. Deviation and Std. Error of Recruitment Policies in BHEL and NTPC.**

Group Statistics				
Recruitment Policies				
Organization	N	Mean	Std. deviation	Std. Error Mean
BHEL	150	2.2760	.57401	.04687
NTPC	150	2.3400	.62380	.05093

From the above table descriptive statistics is shown .This table indicates the mean value and standard deviation obtained by BHEL and NTPC on the dimension of “Recruitment Policies” of Recruitment Practices in Public sector undertakings.

It is found from the above table that the NTPC have the highest mean value of 2.3400 on five point scale and std. deviation of 0.62380. This is clear indication that the employees of NTPC have a positive perception on the dimension of “Recruitment Policies” in comparison to BHEL



**Table (7.12) - Showing the F-value and Sig. value of Recruitment Policies between BHEL and NTPC**

Independent Samples Test							
Recruitment Policies							
	Levene's Test for Equality of Variances						
	F	Sig.	t	Df	Sig. (2- tailed)	Mean Difference	Std. Error Difference
Equal variances assumed	4.804	.029	-.925	298	.356	-.06400	.06922
Equal variances not assumed			-.925	295.961	.356	-.06400	.06922

Table (7.12) shows the results of independent sample test used to access the difference with perception of employees towards the dimension of “Recruitment Policies” of Recruitment Practices in BHEL and NTPC.

The t- value is -.925 and sig. Value is .356 which is greater than 0.05 (95 Percent Confidence Interval), which indicate that there exists difference in the perception of employees in the Recruitment Practices of “Recruitment Policies” between BHEL and NTPC.

Hence, the null hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Recruitment Policies” in BHEL and NTPC stands accepted and alternative hypothesis is rejected.

### **HYPOTHESIS (3)**

*H<sub>0</sub>: There is no significant difference in the perception of employees on the Recruitment Practices with dimension “Selection” between BHEL & NTPC Public Sector Undertaking.*

*H<sub>01</sub>: There is significant difference in the perception of employees on the Recruitment Practices with dimension “Selection” between BHEL & NTPC Public Sector Undertaking.*

In order to test the hypothesis, Independent Sample Test t- test is applied because it compares the Recruitment Practices of dimension “Selection” in BHEL and NTPC.

**Table (7.13) - Showing the Mean, Std. Deviation and Std. Error of Selection in BHEL and NTPC.**

Group Statistics				
Selection				
Organization	N	Mean	Std. deviation	Std. Error Mean
BHEL	150	2.0960	.52365	.04276
NTPC	150	2.1147	.46536	.03800

From the above table descriptive statistics is shown .This table indicates the mean value and standard deviation obtained by BHEL and NTPC on the dimension of “Selection” of Recruitment Practices in Public sector undertakings.

It is found from the above table that the NTPC have the highest mean value of 2.1147 on five point scale and std. deviation of .46536. This is clear indication that the employees of NTPC have a positive perception on the dimension of “Selection” in comparison to BHEL

**Table (7.14) - Showing the F-value and Sig. value of Selection  
between BHEL and NTPC**

<b>Independent Samples Test</b>							
<b>Selection</b>							
	<b>Levene's Test for Equality of Variances</b>						
	<b>F</b>	<b>Sig.</b>	<b>t</b>	<b>Df</b>	<b>Sig. (2- tailed)</b>	<b>Mean Difference</b>	<b>Std. Error Difference</b>
Equal variances assumed			-.326	298	.744	-.01867	.05720
Equal variances not assumed	.924	.337	-.326	293.944	.744	-.01867	.05720

Table (7.14) shows the results of independent sample test used to access the difference with perception of employees towards the dimension of “Selection” of Recruitment Practices in BHEL and NTPC.

The t- value is -.326 and sig. Value is .744 which is greater than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Selection” between BHEL and NTPC.

Hence, the null hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Selection” in BHEL and NTPC stands accepted and alternative hypothesis is rejected.

#### **HYPOTHESIS (4)**

*H<sub>0</sub>: There is no significant difference in the perception of employees on the Recruitment Practices with dimension “Advertising” between BHEL & NTPC Public Sector Undertaking.*

*H<sub>01</sub>: There is significant difference in the perception of employees on the Recruitment Practices with dimension “Advertising” between BHEL & NTPC Public Sector Undertaking.*

In order to test the hypothesis, Independent Sample Test t- test is applied because it compares the Recruitment Practices of dimension “Advertising” in BHEL and NTPC.

**Table (7.15) - Showing the Mean, Std. Deviation and Std. Error of Advertising in BHEL and NTPC.**

Group Statistics				
Advertising				
Organization	N	Mean	Std. deviation	Std. Error Mean
BHEL	150	2.3133	.60723	.04958
NTPC	150	2.5222	.76697	.06262

From the above table descriptive statistics is shown .This table indicates the mean value and standard deviation obtained by BHEL and NTPC on the dimension of “Advertising” of Recruitment Practices in Public sector undertakings.

It is found from the above table that the NTPC have the highest mean value of 2.5222 on five point scale and std. deviation of .76697. This is clear indication that the employees of NTPC have a positive perception on the dimension of “Advertising” in comparison to BHEL.

**Table (7.16)- Showing the F-value and Sig. value of Advertising  
Department between BHEL and NTPC**

<b>Independent Samples Test</b>							
<b>Advertising</b>							
	<b>Levene's Test for Equality of Variances</b>						
	<b>F</b>	<b>Sig.</b>	<b>t</b>	<b>df</b>	<b>Sig. (2- tailed)</b>	<b>Mean Difference</b>	<b>Std. Error Difference</b>
Equal variances assumed	12.872	.000	-2.615	298	.009	-2.0889	.07987
Equal variances not assumed			-2.615	283.10	.009	-2.0889	.07987

Table (7.16) shows the results of independent sample test used to access the difference with perception of employees towards the dimension of “Advertising” of Recruitment Practices in BHEL and NTPC.

The t- value is -2.615 and sig. Value is .009 which is less than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Advertising” between BHEL and NTPC.

Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Advertising” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.

## **HYPOTHESIS (5)**

*H<sub>0</sub>: There is no significant difference in the perception of employees on the Recruitment Practices with dimension "Short listing" between BHEL & NTPC Public Sector Undertaking.*

*H<sub>05</sub>: There is significant difference in the perception of employees on the Recruitment Practices with dimension "Short listing" between BHEL & NTPC Public Sector Undertaking.*

In order to test the hypothesis, Independent Sample Test t- test is applied because it compares the Recruitment Practices of dimension "Short listing" in BHEL and NTPC.

**Table (7.17) Showing the Mean, Std. Deviation and Std. Error of Short listing in BHEL and NTPC.**

Group Statistics				
Short listing				
Organization	N	Mean	Std. deviation	Std. Error Mean
BHEL	150	2.3033	.39316	.03210
NTPC	150	2.4206	.46527	.03799

From the above table descriptive statistics is shown .This table indicates the mean value and standard deviation obtained by BHEL and NTPC on the dimension of "Short listing" of Recruitment Practices in Public sector undertakings.

It is found from the above table that the NTPC have the highest mean value of 2.4206 on five point scale and std. deviation of .46527. This is clear indication that the employees of NTPC have a positive perception on the dimension of "Short listing" in comparison to BHEL.

**Table (7.18) - Showing the F-value and Sig. value of Short-listing  
between BHEL and NTPC**

<b>Independent Samples Test</b>							
<b>Short listing</b>							
	<b>Levene's Test for Equality of Variances</b>						
	<b>F</b>	<b>Sig.</b>	<b>t</b>	<b>Df</b>	<b>Sig. (2- tailed)</b>	<b>Mean Difference</b>	<b>Std. Error Difference</b>
Equal variances assumed	5.281	.022	-2.357	298	.019	-.11722	.04974
Equal variances not assumed			-2.357	289.931	.019	-.11722	.04974

Table (7.18) Shows the results of independent sample test used to access the difference with perception of employees towards the dimension of “Short listing” of Recruitment Practices in BHEL and NTPC.

The t- value is- 2.357 and sig. Value is .019 which is less than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Short listing” between BHEL and NTPC.

Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Short listing” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.

## **HYPOTHESIS (6)**

*H<sub>0</sub>: There is no significant difference in the perception of employees on the Recruitment Practices with dimension “Job Satisfaction” between BHEL & NTPC Public Sector Undertaking.*

*H<sub>01</sub>: There is significant difference in the perception of employees on the Recruitment Practices with dimension “Job Satisfaction” between BHEL & NTPC Public Sector Undertaking.*

In order to test the hypothesis, Independent Sample Test t- test is applied because it compares the Recruitment Practices of dimension “Job Satisfaction” in BHEL and NTPC.

**Table (7.19) - Showing the Mean, Std. Deviation and Std. Error of Job Satisfaction in BHEL and NTPC.**

Group Statistics				
Job Satisfaction				
Organization	N	Mean	Std. deviation	Std. Error Mean
BHEL	150	2.4067	.58017	.04737
NTPC	150	2.6133	.66853	.05459

From the above table descriptive statistics is shown .This table indicates the mean value and standard deviation obtained by BHEL and NTPC on the dimension of “Job Satisfaction” of Recruitment Practices in Public sector undertakings.

It is found from the above table that the NTPC have the highest mean value of 2.6133 on five point scale and std. deviation of .66853. This is clear indication that the employees of NTPC have a positive perception on the dimension of “Job Satisfaction” in comparison to BHEL.



**Table (7.20)- Showing the F-value and Sig. value of Job Satisfaction  
between BHEL and NTPC**

<b>Independent Samples Test</b>							
<b>Job Satisfaction</b>							
	<b>Levene's Test for Equality of Variances</b>						
	<b>F</b>	<b>Sig.</b>	<b>t</b>	<b>df</b>	<b>Sig. (2- tailed)</b>	<b>Mean Difference</b>	<b>Std. Error Difference</b>
Equal variances assumed	4.782	.030	-2.859	298	.005	-.20667	.07227
Equal variances not assumed			-2.859	292.205	.005	-.20667	.07227

Table (7.20) shows the results of independent sample test used to access the difference with perception of employees towards the dimension of “Job Satisfaction” of Recruitment Practices in BHEL and NTPC.

The t- value is- 2.859 and sig. Value is .005 which is less than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Job Satisfaction” between BHEL and NTPC.

Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Job Satisfaction” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.

**Table (7.21) - Showing the Mean, Std. Deviation and Std. Error of  
Recruitment Practices dimension between BHEL and NTPC .**

Particulars		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
						Lower Bound	Upper Bound
Role of the human resource department	BHEL	150	1.9044	.50551	.04127	1.8229	1.9860
	NTPC	150	1.7733	.42008	.03430	1.7056	1.8411
	Total	300	1.8389	.46860	.02705	1.7856	1.8921
Recruitment Policies	BHEL	150	2.2760	.57401	.04687	2.1834	2.3686
	NTPC	150	2.3400	.62380	.05093	2.2394	2.4406
	Total	300	2.3080	.59928	.03460	2.2399	2.3761
Selection	BHEL	150	2.0960	.52365	.04276	2.0115	2.1805
	NTPC	150	2.1147	.46536	.03800	2.0396	2.1897
	Total	300	2.1053	.49462	.02856	2.0491	2.1615
Advertising	BHEL	150	2.3133	.60723	.04958	2.2154	2.4113
	NTPC	150	2.5222	.76697	.06262	2.3985	2.6460
	Total	300	2.4178	.69845	.04032	2.3384	2.4971
Short listing	BHEL	150	2.3033	.39316	.03210	2.2399	2.3668
	NTPC	150	2.4206	.46527	.03799	2.3455	2.4956
	Total	300	2.3619	.43399	.02506	2.3126	2.4113
Job satisfaction	BHEL	150	2.4067	.58017	.04737	2.3131	2.5003
	NTPC	150	2.6133	.66853	.05459	2.5055	2.7212
	Total	300	2.5100	.63338	.03657	2.4380	2.5820

From the above table descriptive statistics is shown .This table indicates the mean value and standard deviation obtained by BHEL and NTPC on the dimension of “Role of human resource department” of Recruitment Practices in Public sector undertakings.

It is found from the above table that the BHEL have the highest mean value of 1.9044 on five point scale and std. deviation of .50551. This is clear indication that the employees of BHEL have a positive perception on the dimension of “Role of human resource department” in comparison to NTPC.

From the above table descriptive statistics is shown. This table indicates the mean value and standard deviation obtained by BHEL and NTPC on the dimension of “Recruitment Policies” of Recruitment Practices in Public sector undertakings.

It is found from the above table that the NTPC have the highest mean value of 2.3400 on five point scale and std. deviation of .62380. This is clear indication that the employees of NTPC have a positive perception on the dimension of “Recruitment Policies” in comparison to BHEL.

From the above table descriptive statistics is shown .This table indicates the mean value and standard deviation obtained by BHEL and NTPC on the dimension of “Selection” of Recruitment Practices in Public sector undertakings.

It is found from the above table that the NTPC have the highest mean value of 2.1147 on five point scale and std. deviation of .46536. This is clear indication that the employees of NTPC have a positive perception on the dimension of “Selection” in comparison to BHEL.

From the above table descriptive statistics is shown .This table indicates the mean value and standard deviation obtained by BHEL and NTPC on the dimension of “Advertising” of Recruitment Practices in Public sector undertakings.

It is found from the above table that the NTPC have the highest mean value of 2.5222 on five point scale and std. deviation of .76697. This is clear indication that the employees of NTPC have a positive perception on the dimension of “Advertising” in comparison to BHEL.

From the above table descriptive statistics is shown .This table indicates the mean value and standard deviation obtained by BHEL and NTPC on the dimension of “Short listing” of Recruitment Practices in Public sector undertakings.

It is found from the above table that the NTPC have the highest mean value of 2.4206 on five point scale and std. deviation of .46527. This is clear indication that the employees of NTPC have a positive perception on the dimension of “Short listing” in comparison to BHEL.

From the above table descriptive statistics is shown .This table indicates the mean value and standard deviation obtained by BHEL and NTPC on the dimension of “Job Satisfaction” of Recruitment Practices in Public sector undertakings.

It is found from the above table that the NTPC have the highest mean value of 2.6133 on five point scale and std. deviation of .66853. This is clear indication that the employees of NTPC have a positive perception on the dimension of “Job Satisfaction” in comparison to BHEL.

**Table (7.22): Showing the ANOVA Values between BHEL and NTPC**

ANOVA						
Particulars		Sum of Squares	df	Mean Square	F	Sig.
Role of the human resource department	Between Groups	1.289	1	1.289	5.969	.015
	Within Groups	64.368	298	.216		
	Total	65.657	299			
Recruitment Policies	Between Groups	.307	1	.307	.855	.356
	Within Groups	107.074	298	.359		
	Total	107.381	299			
Selection	Between Groups	.026	1	.026	.106	.744
	Within Groups	73.125	298	.245		
	Total	73.151	299			
Advertising	Between Groups	3.273	1	3.273	6.840	.009
	Within Groups	142.588	298	.478		
	Total	145.861	299			
Short listing	Between Groups	1.031	1	1.031	5.555	.019
	Within Groups	55.286	298	.186		
	Total	56.317	299			
Job satisfaction	Between Groups	3.203	1	3.203	8.177	.005
	Within Groups	116.746	298	.392		
	Total	119.950	299			

The above table shows the results of **ANOVA test** used to access the difference with perception of employees towards the SIX different dimensions: Role of the human resource department, Recruitment Policies, Selection, Advertising, Short listing and Job satisfaction of Recruitment Practices in BHEL and NTPC.

- ❖ The f- value is **5.969** and significant value is **0.015** which is **less** than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Role of the human resource department” between BHEL and NTPC. Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Role of the human resource department” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.
- ❖ The f- value is **.855** and significant value is **.356** which is **greater** than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Recruitment Policies” between BHEL and NTPC. Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Recruitment Policies” in BHEL and NTPC stands accepted and alternative hypothesis is rejected.
- ❖ The f- value is **.106** and significant value is **.744** which is **greater** than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Selection” between BHEL and NTPC. Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Selection” in BHEL and NTPC stands accepted and alternative hypothesis is rejected.
- ❖ The f- value is **6.840** and significant value is **0.009** which is **less** than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Advertising” between BHEL and NTPC. Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of

“Advertising” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.

- ❖ The f- value is **5.555** and significant value is **0.019** which is **less** than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Short listing” between BHEL and NTPC. Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Short listing” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.
- ❖ The f- value is **8.177** and significant value is **.005** which is **less** than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Job Satisfaction” between BHEL and NTPC. Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Job Satisfaction” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.

## **SUMMARY OF HYPOTHESIS TESTING**

Table (7.23) presents the hypotheses that were generated for the study and the result obtained after analysis of the data for the various dimensions of Recruitment Practices.

**Table (7.23) Summary of Results of Hypotheses Testing**

<b>No.</b>	<b>Hypotheses</b>	<b>Results</b>
<b>H<sub>01</sub></b>	No significant difference in the perception of employees on the Recruitment Practices with dimension "Role of human resource department" between BHEL & NTPC Public Sector Undertaking	Rejected
<b>H<sub>02</sub></b>	No significant difference in the perception of employees on the Recruitment Practices with dimension "Recruitment Policies" between BHEL & NTPC Public Sector Undertaking.	Accepted
<b>H<sub>03</sub></b>	No significant difference in the perception of employees on the Recruitment Practices with dimension "Selection" between BHEL & NTPC Public Sector Undertaking	Accepted
<b>H<sub>04</sub></b>	No significant difference in the perception of employees on the Recruitment Practices with dimension "Advertising" between BHEL & NTPC Public Sector Undertaking.	Rejected
<b>H<sub>05</sub></b>	No significant difference in the perception of employees on the Recruitment Practices with dimension "Short listing" between BHEL & NTPC Public Sector Undertaking.	Rejected
<b>H<sub>06</sub></b>	No significant difference in the perception of employees on the Recruitment Practices with dimension "Job Satisfaction" between BHEL & NTPC Public Sector Undertaking.	Rejected

The table below is shows the results of t- value and F- value in each statement, which helps in finding the whether the same, is significant or insignificant.

**Table (7.24) Showing the results of t- value , f- value and significance value in each hypotheses.**

No.	Hypotheses	t-value	F- value	Significance	Remarks
H <sub>01</sub>	Role of human resource department in BHEL and NTPC	2.443	1.450	.015	Insignificant
H <sub>02</sub>	Recruitment Policies in BHEL and NTPC	-.925	4.804	.356	Significant
H <sub>03</sub>	Selection in BHEL and NTPC	-.326	.924	.744	Significant
H <sub>04</sub>	Advertising in BHEL and NTPC	-2.615	12.872	.009	Insignificant
H <sub>05</sub>	Short listing in BHEL and NTPC	-2.357	5.281	.019	Insignificant
H <sub>06</sub>	Job Satisfaction in BHEL and NTPC	-2.859	4.782	.005	Insignificant

At 95% Confidence Interval



## SUMMARY

Over the centuries, there were changes in the way elites were recruited. From the end of the nineteenth century, the ticket to set foot into the elite was to enter an elite university, and until World War II, access to these elite universities was largely restricted to the upper class. After World War II, entry to elite universities was achieved through meritocratic recruitment and was not dependent anymore upon wealth; the best were chosen.

In succeeding generations, however, exams have not permitted opportunity for all, as shown by our model. In the second post-change generation, the children of the elite enter the elite schools in greater proportions, due to a cultural bias. In other words, whenever a new system is introduced, the nascent class system is destroyed, yielding a fluid, mobile society. However, from the second post-change generation onwards, the children of the elite again have an advantage. Our model has shown that meritocratic exams lead to an auto-recruitment of elites, resulting in a stratification effect. Meritocratic choice is therefore not equivalent to equal opportunity, since success in exams is correlated with family wealth and education. But the criteria has changed now and so the results as stated in the above statistical results.

Data from primary sources has been collected for this study through a well designed questionnaire based on Nominal scale for eliciting the employees' perception to Recruitment Practices of public sector undertaking offered by BHEL and NTPC in India. The Recruitment practices has been measured on Six dimensions, namely, Role of human resource department , Recruitment policies, Selection, Advertising, Short listing , Job Satisfaction. The questionnaire has been administered on a sample of 500 respondents randomly selected from two big cities of India.

The cities are spread over two States in India which alone represents the characteristics of the whole population of the sample. The questionnaire seeking information on five counts under each of the dimensions has been served on the sampled respondents and collected from them. With the applicants of statistical tool, the data has been analyzed and interpreted. The results have been applied to test the hypotheses framed, four null hypotheses have been tested negative and the two stands accepted.

The data are rich in information about firm characteristics and employer recruitment choices and can stand alone to answer a multitude of interesting descriptive questions about recruitment behavior. To answer questions about the effects of government matching policies that change recruitment choices, however, these data must be augmented with a structural model of recruitment choice.

To this end, I have estimated a structural matching model in which employers optimally select recruitment strategies to attract workers of certain types, and applied it to analyze the effects of the Workforce Investment Act of 1998 and the Work Opportunity and Welfare to Work tax credits.

I hope that by using the data both to shed light on a number of descriptive questions concerning recruitment behavior and to estimate a behavioral model that reveals the importance of recruitment behavioral responses to policy changes in affecting labor market outcomes, that I have contributed to a better understanding of the role of employer recruitment behavior in the job matching process.

This chapter focuses the recruitment practices in public sector undertakings- a comparative study of BHEL and NTPC. The next chapter concludes this study. It consolidates the findings derived from the analysis and interpretation of the data and formats suggestions for making up the deficiencies and upgrading the Recruitment practices in public sector undertakings in BHEL and NTPC.

# **Chapter- 8**

## **Summary, Findings and Suggestions**

- ❖ **Summary of the present study**
- ❖ **Findings of the present study**
- ❖ **Conclusion**
- ❖ **Suggestions**
- ❖ **General Suggestions**
- ❖ **Future Research Directions**

## Chapter -8

### Summary, Findings and Suggestions

The previous chapter presents the empirical investigation of the recruitment practices prevailing in BHEL and NTPC of the Indian public sector undertaking. The researcher conducted an exploratory survey of the employees of BHEL and NTPC to get the clear picture regarding the status of the recruitment practices prevailing in the selected organizations. The responses of the employees of both the companies are converted into percentage form to interpret them in easy terms. The hypotheses for the study framed on six different dimensions of recruitment practices have been tested and verified by using a statistical tool namely student's t-test. The present chapter has been prepared to discuss the findings of the study conducted by the researcher and to *offer suggestions for improving the pattern of recruitment practices in public sector understanding*. The directions for future research in the respective area of concern have also been given at the end.

India is one of the fastest growing economies across the globe, and the public sector understanding is the one sector which has been developing at a rapid rate, contributing a major share in nation's development. The growing importance of this sector has attracted the attention of the researcher to select this organizations for the study. In this present thesis, the researcher deals with the description of the research thesis, findings of the works and suggestions which has been proposed for pursuing the future research in the respective direction. The main objective of the study is to analyses the comparative study of BHEL and NTPC of Indian public sector undertaking regarding the recruitment practices. The researcher conducted an investigation for checking the degree of positivity in the implementation of recruitment practices in these sectors. The case study selected by the researcher consists of BHEL and NTPC.

The study divides the thesis into eight chapters. A brief outlook of the integral thesis at a glance is presented below to overview the whole lot of works complied by the researcher.

**The first chapter** deals with the conceptual and theoretical framework of recruitment. In this chapter, the researcher has provided an overview of recruitment and public sector undertaking in India. With the advent of technology and the passage of time, academicians, researchers, and the organizations have recognized the importance of human resource. In today's world, this resource of production has occupied the pivotal significance across the globe. The development and growth of any organization and/or a nation is linked with the development of its people.

**The second chapter** deals with the review of literature. The literature is related to the recruitment practices in different industries, on different aspects with different perspectives, in order to understand the work patterns, to clarify the concept and to gauge the research gap for the study. There are a number of research studies on the different aspects of recruitment practices with special reference to BHEL, Hardwar. It is nevertheless found that there is a still dearth of research studies mainly focusing on the recruitment practices in BHEL in post liberalization and globalization era. The present study has been conducted against this backdrop. The research methodology adopted by the researcher has also been discussed in this chapter. The objective of the study is to compare the status of recruitment practices in BHEL and NTPC, in India. This thesis has been basically carried out to analyze the recruitment practices environment that exists in the BHEL and NTPC. The scope of the study is designed by keeping in mind the certain questions whose answers have been attempted to be traced by the researcher in this study. The present study in this context provides the difference regarding these recruitment practices among the employees at different levels of management in the selected organizations and secondly, provides the grounds based on which employees feels satisfied or dissatisfied. These were the focal points which provide the direction for the research and the review of literature leads to the research gap which enabled the objective assessment for the construct.

**The third chapter** relates to the development of public sector undertakings. This chapter comprises of growth and development story of the public sector undertaking in India. Public sector undertakings' has been recognized the world-over as an important tool for socio-economic development for a nation. It is

one of the prime support services needed for rapid growth and modernization of various sectors of the economy. It has become especially important in recent years because of enormous growth of information technology and its significant potential for the impact on the rest of the economy. The public sector undertaking, which has the multiplier effect on the economy, has a vital role to play in economy by contributing to the increased efficiency. Public sector undertakings in India have registered a phenomenal growth during last few years, propelled largely by the unprecedented growth which is not only beneficial for the sector but also has a multiplier effects over the entire economy. Consequently, this chapter outlines the development and growth outlook of the public sector undertakings in India.

The fourth chapter deals with the profile and case study of public sector undertaking- BHEL. In this chapter the researcher focuses on the missions, visions, objectives of the selected companies in public sector undertaking. As a case study, BHEL, Haridwar has been selected by the researcher for the purpose of an empirical analysis.

This work force is spread over four different classes, generally recognized by the Government as Class I, II, III and IV. There are about 15 broad discipline categorized under the three main headings of (a) Engineering (b) Geo-Sciences and (c) Administration and other support services.

To ensure optimum growth of officers and staff of the BHEL, an enlightened personnel policy has been evolved by the BHEL under the recruitment and promotion Regulations, 1980. All the positions in the BHEL are filled by, direct Recruitment, promotion of employees already in services of the BHEL, borrowing the services of persons from the central Government or the State Government or PSUs or local or other authorities and any other methods, as may be decided by the BHEL at the meeting for reasons to be recorded in writing for appointment to any post of persons possessing special merits, qualifications or experiences.

The vacancies are notified to the employment exchange in accordance with the provision of the employment exchange Act, 1959 or advertised in daily newspapers

having circulation in major parts of the country and in such daily newspaper in regional languages as the BHEL may consider suitable.

All the applications for direct recruitment are scrutinized by the appointing authority which is empowered to reject such applications of the candidates which do not fulfil the criteria laid down by the BHEL in scheduled, I and II of the recruitment and promotion regulations, 1980. The selection committee consisting of at least three members is constituted to select a suitable candidate. The selection committee adjudges the suitability of a candidate on the basis of written examination, practical test or interview or any combination of these. The selection committee submits a list to the appointing authority, recommending the names of the candidates who found suitable for appointment in order of merit.

All cases of promotions are considered by a promotion committee duly constituted in accordance with the orders issued by the BHEL in this behalf and the committee consists of not less than three members. The number of employees to be considered for such vacancies shall not be less than twice the number of vacancies sought to be filled. It may hold a written examination or practical test or interview or any combination of these in accordance with the procedure for determining the merit as laid down by the BHEL at least two months in advance of the date of the said selection.

Thus, the promotion committee has to submit its recommendations to the appointing authority after arranging the names in order of merit in case where merit is the selection criterion and in order of seniority in cases where seniority, cum fitness is the selection criterion. The employee is informed of his non-selection in the cases of promotion.

In making appointment of various positions, either by direct recruitment or promotion, the BHEL provides reservation and other concessions to candidates belonging to the SC/ST and other special categories of person in accordance with the order issued by the Central Government from time to time. Besides, the BHEL may also provide reservation to a person, who is a dependent of a deceased employee of the BHEL.



The Government has accepted the recommendation of the Malaviya committee that the employees of the BHEL should be able to expect at least two promotions during the entire period of their services. However, where examination are prescribed for advancement from a given level to the next higher level such tests will be required to be passed in order to make a person eligible for promotion.

Often, promotion is on probation for a period of one year, which can be extended at the discretion of the competent authority.

**The fifth chapter** lays emphasis on the profile of public sector undertaking a case study of NTPC. In this chapter the researcher focuses on the missions, visions, objectives of the selected companies in public sector undertaking. As a case study, NTPC have been selected by the Researcher for the purpose of an empirical analysis.

NTPC Limited is the largest Indian state-owned electric utilities company based in New Delhi, India. According to the Forbes global magazine NTPC is ranked at 348<sup>th</sup> in 2000 for 2011 in the world. It is an Indian public sector company listed on the Bombay Stock Exchange in which at present the Government of India holds 84.5% (after divestment of the stake by Indian government on 19 October 2009) of its equity. With an electric power generating capacity of 40,174 MW, NTPC has embarked on plans to become a 75,000 MW company by 2017.

The total installed capacity of the company is 36,514 MW (including Joint venture) with 16 coal based and 7 gas based stations, located across the country. In addition under JVs (Joint Venture), 6 stations are coal-based, and another station uses naphtha/LNG as fuel. By 2017, the power generation portfolio is expected to have a diversified fuel mix with coal based capacity of around 27,535 MW, 3,955 MW through gas, 1,328 MW through Hydro generation, about 1400 MW from nuclear sources and around 1000 MW from Renewable Energy Sources .

Further, NTPC has also adopted a multi-pronged growth strategy which includes capacity addition through green field projects, expansion of existing stations, joint ventures, subsidiaries and takeover of stations.

**The sixth chapter** focuses on the relationship between HR Practices on organizational commitment and job satisfaction. In this chapter, the researcher is focusing on the relationship between HR Practices on organizational commitment & job satisfaction. The outlook to Human Resource Management in India has witnessed sea-changes in the last two decades. The Economic liberalization in 1991 has created a hyper-competitive environment. As international firms entered the Indian market bringing with them innovative and fierce competitiveness, the Indian companies were forced to adopt and implement innovative changes in their HR practices. Increasing demand for skilled performers forced the companies to shift focus on attracting and retaining high-performing employees in a competitive marketplace. Human Resource Management involves the policies and practices for dealing with human resource aspects of management such as planning, selection, recruitment, orientation, development, training, job analysis, compensation, labor relations and performance appraisal. The human resource management comprises of the policies, systems and practices influencing attitude, behavior and performance of employees. In order to explore the association between HR practices and job satisfaction, there has been extensive literature over the sound effects of HR practices on job satisfaction. The job satisfaction is a key variable mediating or intervening any positive link between human resources practices and organizational performance.

**The seventh chapter** deals with the analysis of recruitment practices in Public Sector Undertakings- a comparative study of BHEL and NTPC. In this chapter, the researcher has focused on the empirical survey of Recruitment Practices in public sector undertaking in India. A comparison between BHEL and NTPC has been shown in this chapter. The total number of employees chosen for the study was 500 but there were some respondents who have not responded. Therefore, the ones whose responses were found to be appropriate and complete has been consulted for analysis. Thus, the sample frame of the work is confined to 500 employees. Out of these 400 responded properly and 300 were selected for the study. The instrument developed for administering the survey was based on the model questionnaire with some modifications relevant to the public sector undertakings. There were 35 statements in the questionnaire to be answered by the sample respondents. A Five point Likert's

rating scale was used in the questionnaire. There were six dimensions based on which the questionnaire has been developed and the hypotheses of the study have been established. Student's t-test has been used for the analysis of the study.

**The eighth chapter** relates to the findings and suggestions: In this chapter the researcher provides the summary of the entire research thesis and deals with the findings of the study. Various suggestions offered by the researcher for, future implications on the subject have also been discussed in detail. In a nutshell, this chapter provides an overview of the manner in which the General practices of recruitment are executed in the selected companies i.e. BHEL and NTPC.

### **Findings of the Present Study**

- ❖ By analyzing the dimension “Role of the Human Resource Department” has positive attitude in the respondents towards NTPC. The mean values in NTPC were greater than BHEL. The statement with the high mean in this dimensions states, “The human resource department has enough capacity to discharge its functions effectively” whereas the lowest mean noted in BHEL states, “The human resource department” has a significant influence on the recruitment process in their department.
- ❖ By analyzing the dimension “Recruitment Policies” has positive attitude in the respondents towards NTPC. The mean values in NTPC were greater than BHEL. The statement with the high mean in this dimensions states “Proper consideration is given to skills, competencies and traits before a post is advertised “whereas the lowest mean noted in BHEL states “The human resource department has clear internal policies and procedures on recruitment and selection”.
- ❖ By analyzing the dimension “Selection” has positive attitude in the respondents towards NTPC. The mean values in NTPC were greater than BHEL. The statement with the high mean in this dimension states “The selection panel would recommend the appointment of candidates who have better skills and qualifications than them”. Whereas the lowest mean noted in

BHEL states “A formal academic qualification is considered when selecting candidates”.

- ❖ By analyzing the dimension “Advertising” has positive attitude in the respondents towards NTPC. The mean values in NTPC were greater than BHEL. The statement with the high mean in these dimensions states “The relevant manager with the assistance of the human resource officer drafts the advertisement. Whereas the lowest mean noted in BHEL states “Advertisements for posts/jobs should specify the inherent requirements of the job, the job title and the core functions”.
- ❖ By analyzing the dimension “Short listing” has positive attitude in the respondents towards NTPC. The mean values in NTPC were greater than BHEL. The statement with the high mean in this dimension states “Reference checks are done on all candidates” whereas the lowest mean noted in BHEL states “The current recruitment process in department focuses more on internal recruitment”.
- ❖ By analyzing the dimension “Job Satisfaction” has positive attitude in the respondents towards NTPC. The mean values in NTPC were greater than BHEL. The statement with the high mean in this dimensions states “Overall, how satisfied are you working for the company”, whereas the lowest mean noted in BHEL states “The organization is committed to develop and assist the employee by providing training and development programmes”.

## **Main Findings**

The main objective of the study empirically examines the Recruitment practices prevailing in the public sector undertaking in India with special reference to the BHEL and NTPC in India. A survey was conducted with a questionnaire comprising of 35 questions relating to the practices of recruitment, which is further divided into six categories of variables namely, role of the human Resource department, recruitment Policies, selection, advertising, short listing, job satisfaction are mentioned. The selected companies for the research in public sector undertaking

are Bharat Heavy Electricals Limited and National Thermal Power Corporation .The hypotheses of the study are based on the above said dimensions and the status of the stated variables is analyzed at all the levels of employees in both the organizations. A comparative study is conducted and the interpretation is made from the responses given by the employees from the selected organizations.

The Kaiser- Meyer- Olkin (KMO) has been applied by the researcher for analyzing the validity of the results. It has been observed that the overall results are almost satisfactory in both the organizations regarding the practices of recruitment at all the levels of employees but there exist some differences in the work.

On the basis of the present study, the overall findings have been drawn;

- ❖ The null hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Role of human resource department” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.
- ❖ The null hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Recruitment Policies” in BHEL and NTPC stands accepted and alternative hypothesis is rejected.
- ❖ The null hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Selection” in BHEL and NTPC stands accepted and alternative hypothesis is rejected.
- ❖ The null hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Advertising” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.
- ❖ The null hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Short listing” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.

- ❖ The null hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Job Satisfaction” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.

The results of ANOVA test used to access the difference with perception of employees towards the six different dimensions: Role of the human resource department, Recruitment Policies, Selection, Advertising, Short listing and Job satisfaction of Recruitment Practices in BHEL and NTPC. The following are the results for the six dimensions used in the study:

- ❖ The f- value is 5.969 and significant value is 0.015 which is less than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Role of the human resource department” between BHEL and NTPC. Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Role of the human resource department” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.
- ❖ The f- value is .855 and significant value is .356 which is greater than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Recruitment Policies” between BHEL and NTPC. Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Recruitment Policies” in BHEL and NTPC stands accepted and alternative hypothesis is rejected.
- ❖ The f- value is .106 and significant value is .744 which is greater than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Selection” between BHEL and NTPC. Hence, the hypothesis that there is no significant difference in the perception of employees on the

Recruitment Practices dimension of “Selection” in BHEL and NTPC stands accepted and alternative hypothesis is rejected.

- ❖ The f- value is 6.840 and significant value is 0.009 which is less than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Advertising” between BHEL and NTPC. Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Advertising” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.
- ❖ The f- value is 5.555 and significant value is 0.019 which is less than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Short listing” between BHEL and NTPC. Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Short listing” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.
- ❖ The f- value is 8.177 and significant value is .005 which is less than 0.05 (95 Percent Confidence Interval), which indicates that there exists difference in the perception of employees in the Recruitment Practices of “Job Satisfaction” between BHEL and NTPC. Hence, the hypothesis that there is no significant difference in the perception of employees on the Recruitment Practices dimension of “Job Satisfaction” in BHEL and NTPC stands rejected and alternative hypothesis is accepted.

The main findings of this research pave the way for several research areas and have the potential of becoming a base for auxiliary research. Since the study is empirical in nature, the conclusions have been drawn on the basis of personal views and perceptions of employees in the concerned companies. Recruitment is a process of total development of the work force and the management of any organization must keep itself adamant with the development of their work force in order to meet the edge of the competition.

## Suggestions

The researcher has observed various loopholes during the analysis of the present study and has given the various suggestions. The suggestions have been divided into two categories. The first category is specifically based on the analysis of the present study and the second category provides the general suggestions for organizations implementing recruitment practices.

Since the present study is a comparative assessment of the recruitment practices in public sector undertaking, two sample companies, namely, BHEL and NTPC were chosen for the purpose of empirical analyses. The researcher observed some differences in the prevailing recruitment practices of both the companies. Hence, the improvements in Recruitment practices in both the sectors have been suggested on different lines.

The following are the specific suggestions for improving the pace of recruitment practices in public sector undertakings.

- ❖ On the basis of responses of employees at managerial and non- managerial levels in BHEL, the Researcher came to this conclusion that the success of an organization depends highly upon the manner in which it recruits, motivates, and retains its human resource. Organizations need to adopt a strategy that could improve the employee's quality of work life to satisfy both the organizational objectives and employee needs.
- ❖ The present study highlights that the top management of BHEL must provide adequate welfare measures and a good working life to their employees especially at the managerial level.
- ❖ The employees need to be treated more politely and in a friendly manner which could inculcate in them a sense of responsibility and trust.



- ❖ Open communications, equitable reward systems, healthy and congenial working conditions and a friendly environment which is free from any kind of bureaucracy will impact the performance of employees positively.
- ❖ Job rotation should be done and appropriate job description should be given to the employees for betterment of their performances and getting clarity of job.
- ❖ In addition to improve the work system, designing of programmes which could ensure development of employees skills, the reduction of occupational stress and the development of more co-operative Labor-management relations will be helpful in improving the quality of work life and welfare measures in BHEL.
- ❖ Organizational development also needs to be focused by the top management in their company at both the levels of employees. The strong support from top-level managers should be provided to the employees of the company, by understanding their issues, by having discussions with them, by encouraging employees to offer new and creative ideas for work, by promoting cooperation and team-spirit in the organization, these issues could be sort out accordingly.
- ❖ In order to make training and development measures more effective the top management can find out the ambiguities of the employees by developing proper communication with them and observing their performances.
- ❖ Appropriate training programs and seminars may perhaps be arranged to educate the employees and prepare them to face the dynamic changes of the global business environment.
- ❖ Special training programmes should be undertaken for developing a professional cadre of managers in the various functional areas of management.

- ❖ Where performance appraisal is turned out to be low in the organization, the management could improve it by developing a defined and explicit system for appraising employees. The system would delineate the performance criteria that an employee must achieve in order to receive a certain rating.
- ❖ The organization could also implement the 360 degree feedback appraisal system and this appraisal of performance inculcates a motivational force among an employee to perform better. Hence it is extremely important to adopt different modes to evaluate the performance and appraise them from time to time by the management for the betterment of the organization.
- ❖ Participative management addresses the relationship between the organization and its workers and stakeholders. The results revealed that participative management is found to be good at non-managerial level but at managerial level the response is average.
- ❖ To improve the participation in management, knowledge development and training programs must be arranged by the top management to provide skills with a technique of group decision making and problem solving. It will promote the sense of responsibility sharing among the employees and may develop in them the confidence for leadership thereby enabling the employees to understand and contribute to organizational performance.
- ❖ In addition to it, a rewards and recognition systems that are based on the performance of the organization should be designed to encourage employees to obtain information, improve their performance and to enhance teamwork. Power sharing practices could also be implemented to ensure the development particularly in decision making, either through parallel structure practices, such as, quality circles, committees, survey feedback, suggestion systems, and work design.
- ❖ The management should delegate more responsibilities to their juniors, involve the employees in discussions of issues and problems of the company and welcome their suggestions and opinions open-heartedly.

Nominate the representatives of employees to have a voice in decision-making and maintain a friendly and humble attitude towards them resulting in a congenial and cohesive working environment with competent, responsible and loyal team of employees in the organization.

- ❖ A complete understanding calls for a model in which employers jointly select screening strategies along with recruitment strategies to proceed for gaining the goals.
- ❖ In addition to the recruitment choice, employers have at their disposal a wide array of mechanisms for screening applicants before making a hiring decision. They might conduct interviews, check references, or require a performance test or a sample of work. Employers who can screen applicants relatively cheaply may not find it worthwhile to draw applicants from a high match-quality pool, preferring instead to generate applicants quickly and screen them “in house”. So it is quite possible that in choosing a recruitment strategy, the employer’s capacity to screen the resulting applicants will be a relevant factor.
- ❖ In a way of providing good measures to the non-managerial level of employees the managerial ones are being neglected, therefore it is required to pay consideration towards the improvement of working life of the managerial level employees in the company. Though the company is very careful about the policies and practices in the organization, these employees are somewhere being ignored which the company needs to be restored.
- ❖ The organizational climate directly influences the performance of the employees therefore; the management must ensure a satisfactory working climate to its employees especially at managerial level.
- ❖ The management of the company must arrange for adequate and fair remuneration, safe and healthy working conditions and social integration in the work organization that enables an individual to develop and use all his or her capacities

- ❖ The main implication of this research for recruitment practices system is that the management should involve managerial as well as non-managerial employees in overall recruitment practices system. The present study strongly suggests that to implement the recruitment policies effectively in either of the organization in Public or Private sector it is the responsibility of the management to focus on areas like welfare measures, training and development, performance appraisal and quality of work life.

## **General Suggestions**

In addition to above mentioned specific suggestions, the general Suggestions for other organizations and industries that could be helpful for the management to improve their Recruitment practices are-

- ❖ In public sector undertakings, the management should emphasize on the present personnel policies and include all those matters which affect the employees and govern their services, such as promotions, trainings, perquisites and allowances, welfare measures, etc.
- ❖ The managerial autonomy of public enterprises should be preserved through greater delegation of power and by reducing the number of civil servants and bureaucrats on their boards of directors.
- ❖ The management should practice job rotation in the organization which maintains the zeal among the employee to work sincerely and to learn new things with a sense of responsibility.
- ❖ The top management should guide their lower subordinates for their career growth and advancement. The top management should make such policies which ensures the employees development and make sure that the employees are aware with the policies so formulated. The top management should guide their subordinates and cooperate with them to enable the good team spirit and openness in the organization.

- ❖ A well-integrated sound training policy should be implemented in the organization. Although the training activities are undertaken by the companies, but still there is a need arises to redesign the training system in an innovative manner to introduce highly specialized programmes so that it may improves skills, knowledge and expertise of the employees in the functional areas.
- ❖ A scientific system for performance appraisal should be introduced which could identify the Key Performance Areas (KPA's), and the qualitative and quantitative requirement of the job. Besides, a proper rating system should be evolved to present a concrete picture of the appraisal conducted.
- ❖ The management should explore the possibilities to introduce new recruitment practices mechanism with advanced techniques.

Based on the findings of this research it is evident that there is a wide range of issues that are impacting on the recruitment and selection experiences and outcomes among employees of Public Sector Undertakings. The findings point towards a range of measures that could be taken to enhance these experiences and outcomes, as well as highlighting issues that merit more comprehensive and in-depth research. The findings of the research suggest a number of key issues that impact on employees in the Public Sector Undertakings. Some of these issues relate to the policy context, others to the provision of employees. The role of English language competence in underpinning employees' wellbeing is relevant here as is the provision of more employees in relation to issues such as information, assistance with job applications and assistance with interview techniques. In addition, the problem of employees' segmentation and the lack of research into the longer-term integration of employees into the workforce and their advancement in employment are issues requiring attention.

There is a need for employers to be more mindful of the signals they send, inadvertently or otherwise, to potential foreign job applicants. The extent to which employees seeking work will exclude consideration of public sector undertakings,

they perceive to send negative signals has been highlighted by the research. The implication is that employers, including public sector undertakings, should ensure that they are seen to be employees -friendly. This is particularly relevant for organizations, including those in the public sector, which wish to attract a culturally diverse workforce.

There appears to be considerable scope for employers to expand the range of media they use in placing job advertisements in order to more explicitly target employees candidates. There is also a case to be made for stating on advertisements that applications from employees will be welcome and / or that being an equal opportunities employer covers the race ground. For larger organizations wishing to attract a more diverse workforce the possibility of consulting with employees' communities through their peer-led organizations could be considered. This strategy could help to ensure that advertising reaches employees and that advertising and recruiting practices are inclusive.

To date that experience has been largely unproblematic despite the dramatic scale of inward migration of employees and this can in part be attributed to the economic and employment growth achieved over the last decade. However, the national and international contexts have changed and the State (including public sector employers) as well as employers in the broader economy will need to develop and improve on the available expertise to attract, recruit and select employees with a view to promoting the longer term viability of the economy and of individual organizations. It will also be necessary to demonstrate to actual and prospective employees that organizations are committed to promote equality of opportunity in the first instance and equality of outcome over time. While good practice amongst certain individual employers and/or groups of employers is certainly evident it would appear that a greater level of pro- activity is required to achieve real equality and fair outcomes for workforce.

## **Directions for Future Research**

The present study presented a comparative analysis of recruitment in public sector undertaking with special reference to BHEL and NTPC on the basis of an

empirical study. But there could be different aspects also that could be undertaken for future research, Different aspects of recruitment practices like performance appraisal in public sector undertaking industry , or a study of total quality management (TQM) in public sector undertaking in India can be focused in future research . Likewise, there are other numerous variables also that can be taken for further analysis. As in this study all management levels of employees are covered in BHEL and NTPC , so in future research the recruitment practices at any one level, or at three levels ( Top level, middle level, lower level), or with different case study the same practice could be performed. The study of recruitment climate could also be undertaken in the same companies or in different companies. A number of case studies with larger sample size can also be considered in this regard or with different aspects in same industry i.e. Public sector undertaking. The same study could also be undertaken in future in some other industries like shipping industry, garment industry, tea industry, leather industry, sports industry/entertainment industry etc.

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[www.ntpc.com](http://www.ntpc.com)

# Appendices

## Annexure I

### List of public sector undertakings in India

S. No.	Company	Incorporated	Ministry	City	State	Ratna Status
1	Air india Air Transport Sevices Ltd.	2003	Ministry of Civil Aviation	Mumbai	Maharastra	
2	Air India Charters	1972	Ministry of Civil Aviation	Mumbai	Maharastra	
3	Air India Engineering Services Ltd.	2006	Ministry of Civil Aviation	Mumbai	Maharastra	
4	Airline Allied Services Ltd.	1983	Ministry of Civil Aviation			
5	Air Authority of India Ltd.	1996	Ministry Civil Aviation			Miniratna Category – I
6	Akaltara Power Ltd.Andaman & nicobar Island.	2006	Ministry of Power		Chatissgarh	
7	Forest and Planation Development Corporation	1977	Ministry of Enviornment & Forest	Portblair	Andaman & nicobar Island	
8	Andrew Yule & Company Ltd.	1979	Ministry of Heavy Industries & Public Enterprieses D\O Heavy Industry	Banglore	West Bengal	
9	Artificial Limit Mfg . Corpn.of India	1973	Ministry of Social Justice & Empowerment	Mumbai	Uttar Pradesh	
10	Assam Ashok Hotel Corpn. Ltd.	1985	Ministry of Tourism		Assam	
11	Balmer Lawrie &Co. Ltd.	1924	Ministry of Petroleum& Natural Gas	Kolkata	Bengal	Miniratna Category – I

12	Balmer Lawrie Investment Ltd.	2001	Ministry of Petroleum & Natural Gas	Kolkata	Bengal	
13	Braithwaite, Burn & Jessop Construction Company	1984	Ministry of Heavy Industrial & Public Intreprises D\o Heavy Industries	Folktil	Bengal	
14	BEL Optoelectronic Devices Ltd.	1990	Ministry of Defence D\o Defence Production	Tune	Maharastra	
15	BEML Ltd.	1964	Ministry of Defence D\o Defence Production	Banglore	Karnataka	Miniratna Category – I
16	Bengal Chemicals & Pharamaceutica ls Ltd.	1981	Ministry of Chemical & Fertilizer D\o Pharmaceuticals	Kolkata	Bengal	
17	Bharat Bhari Udyog Nigam Ltd.	1986	Ministry of Heavy Industries & PublicEnterprises D\o Heavy Industries	Dhanbad	Jharkhand	
18	Bharat Dyynamic Ltd.	1970	Ministry of Defence D\o Defence Production	Hydrabad	Andra Pradesh	Miniratna Category – I
19	Bharat Electronics Ltd.	1954	Ministry of defence D\O Defence Production	banglore	Karnataka	Navaratna
20	Bharat Heavy Eletronicals Ltd.	1964	Ministry of Heavy Industries & Public Entreprises D\o Heavy Industry			Navaratna

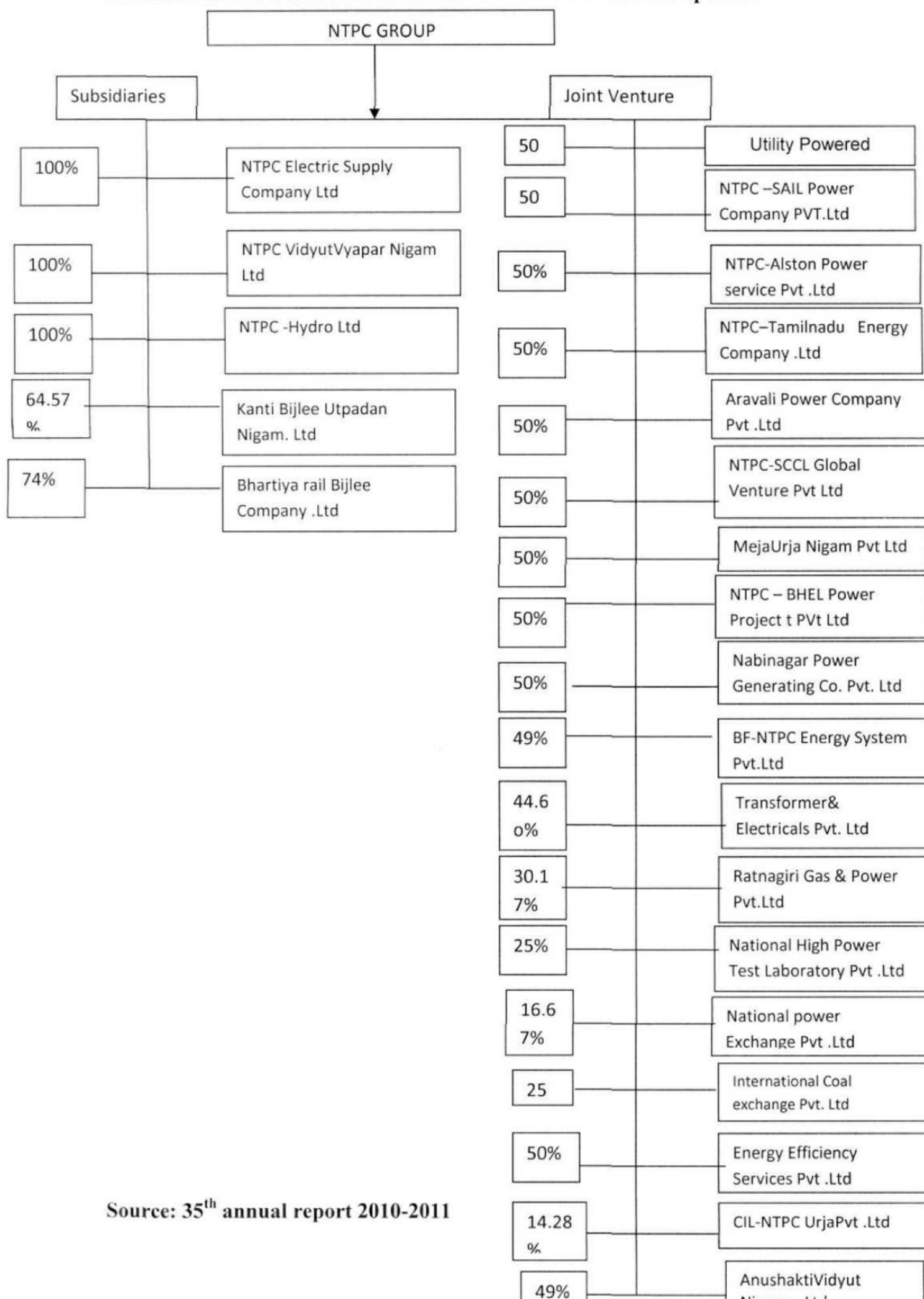


21	Bharat Heavy Plate & Vessels Ltd.	1966	Ministry of Heavy Industries & Public Industries D/o Heavy Industries	Vishakhapatnam	Kerala	
22	Bharat Immunologocia ls & Biologicals Corp. Ltd.	1989	Ministry of Science & Technology D/o Biotechnology	Bulandshar	U.p	
23	Bharat Petrol Resoures JPDA Ltd.	2006	Ministry of Petroleum & Natural Gas	Mumbai	Maharastra	
24	Bharat Petroleum Corpt. Ltd.	1976	Ministry of Petroleum and Natural Gas	Mumbai	Maharashtra	Navaratna
25	Bharat Pumps Compressors Ltd.	1970	Ministry of Heavy Industry & Public ENTREPRIESE d'O Heavy Industry	Allahabad	U.P	
26	Bharat Refractories Ltd.	1974	Ministry Of Steel			
27	Bharat Sanchar Nigam Ltd.	2000	Ministry Of Communications & Information Technology D/o Telecommunicati ons			Miniratna Category – I
28	Bharat Wagon & Engg. Co. Ltd.	1978	Ministry Of Railways	Patna	Bihar	
29	Bharatiya Nabhikiya Vidyut Nigam Ltd.	2003	Dept. Of Atomic Energy	Channai	Bengal	
30	Bharatiya Rail Bijlee Co. Ltd	2007	Ministry Of Power	New delhi		

31	Biecco lawrie	1919	Ministry Of Petroleum & Natural Gas	Kolkata	Bengal	
32	Bihar drugs & Organic Chemicals Ltd.	1994	Ministry Of Chemicals & Fertilizers D/o Pharmaceuticals		Bihar	
33	BIRDS Jute & Export Ltd. Bokaro Kodarme Maithon	1987	Ministry Of Textiles	Kolkata	Bengal	
34	Antrix Corpn. Ltd.	1993	Dept. Of Space	Banglore	Karnataka	

Source: ([http:// www.wikipedia.com](http://www.wikipedia.com) the free encyclopedia.mht)

## Annexure II- The name of Subsidiaries and Joint Venture Companies.



Source: 35<sup>th</sup> annual report 2010-2011

### Annexure III

#### Showing mean score of BHEL and NTPC

Questions		Mean Scores	
DIMENSIONS		BHEL	NTPC
<b>I</b>	<b>Role of the human Resource department</b>		
1	The human resource department has a significant influence on the recruitment process in your department.	1.62	1.27
2	The human resource department plays a vital role in recruitment and selection.	1.95	1.89
3	The human resource department has enough capacity to discharge its functions effectively.	2.15	2.16
<b>II</b>	<b>Recruitment Policies</b>		
4	The human resource department has clear internal policies and procedures on recruitment and selection.	2.01	1.99
5	The department adheres to these policies and procedures.	2.34	2.29
6	The recruitment process is monitored to ensure fairness and transparency	2.36	2.42
7	There is proper planning for the recruitment process.	2.25	2.46
8	Proper consideration is given to skills, competencies and traits before a post is advertised	2.42	2.54
<b>III</b>	<b>Selection</b>		
9	A formal academic qualification is considered when selecting candidates.	1.82	1.44
10	Experience takes precedence over qualifications when selecting candidates.	2.14	2.00
11	The curriculum vitae, references and qualifications are checked thoroughly before appointing a candidate.	2.15	2.13
12	Candidates are selected on the basis of their competency and qualification.	2.19	2.39
13	The selection panel would recommend the appointment of candidates who have better skills and qualifications than them.	2.17	2.61

<b>IV</b>	<b>Advertising</b>		
14	Advertisements for posts/jobs should specify the inherent requirements of the job, the job title and the core functions.	2.08	2.17
15	Advertisements for vacancies should cater for employment equity.	2.44	2.67
16	The relevant manager with the assistance of the human resource officer drafts the advertisement.	2.42	2.72
<b>V</b>	<b>Short listing</b>		
17	The relevant manager shortlists applicants for interview.	2.25	2.31
18	Recommendations by the selection panel are considered by the next higher level in the institution.	2.48	2.63
19	Qualifications are verified by the human resource department.	2.39	2.44
20	Reference checks are done on all candidates.	2.47	2.68
21	The selection process is done in a fair and acceptable manner.	2.28	2.45
22	Employment equity is considered when short listing candidates.	2.29	2.56
23	Short listed candidates are requested to produce original certificates during interviews.	2.24	2.72
24	The current recruitment process in department focuses more on internal recruitment.	2.06	1.69
25	The current recruitment process in department focuses more on external recruitment.	2.27	2.19
26	The recruitment Practice includes the Organisational commitment to its status as an equal opportunity for employer.	2.24	2.29
27	The policy state or includes the disciplinary dismissal and grievances procedure.	2.25	2.43
28	The Organization is fulfilling its mandate to develop and implement human resource policy.	2.42	2.67

VI	Job Satisfaction		
29	The organization is Committed to develop and assist the employee by providing training and development programmes.	2.13	2.41
30	The organization has the capacity to discharge its HR policy effectively and provides Job satisfaction to employee at managerial level.	2.39	2.66
31	There is a good communication from employees to manager in the company.	2.45	2.47
32	I receive the right amount of recognition for my work.	2.59	2.45
33	The amount of work expected to me is reasonable.	2.36	2.59
34	The morale of employee is high in my department.	2.49	2.75
35	Overall, how satisfied are you working for the company.	2.44	2.96

## Annexure IV

### Rotated Component Matrix

Component Matrix	
Statement	Extraction
The human resource department has a significant influence on the recruitment process in your department.	.655
The human resource department plays a vital role in recruitment and selection.	.563
The human resource department has enough capacity to discharge its functions effectively.	.705
The human resource department has clear internal policies and procedures on recruitment and selection.	.542
The department adheres to these policies and procedures.	.590
The recruitment process is monitored to ensure fairness and transparency	.608
There is proper planning for the recruitment process.	.600
Proper consideration is given to skills, competencies and traits before a post is advertised	.563
A formal academic qualification is considered when selecting candidates.	.671
Experience takes precedence over qualifications when selecting candidates.	.676
The curriculum vitae, references and qualifications are checked thoroughly before appointing a candidate.	.672
Candidates are selected on the basis of their competency and qualification.	.537
The selection panel would recommend the appointment of candidates who have better skills and qualifications than them.	.611
Advertisements for posts/jobs should specify the inherent requirements of the job, the job title and the core functions	.657
Advertisements for vacancies should cater for employment equity.	.670
The relevant manager with the assistance of the human resource officer drafts the advertisement.	.536
The relevant manager shortlists applicants for interview.	.688

Recommendations by the selection panel are considered by the next higher level in the institution	.683
Qualifications are verified by the human resource department.	.534
Reference checks are done on all candidates	.645
The selection process is done in a fair and acceptable manner.	.604
Employment equity is considered when short listing candidates.	.674
Short listed candidates are requested to produce original certificates during interviews.	.612
The current recruitment process in department focuses more on internal recruitment	.657
The current recruitment process in department focuses more on external recruitment.	.638
The recruitment Practice includes the Organizational commitment to its status as an equal opportunity for employer.	.485
The policy state or includes the disciplinary dismissal and grievances procedure.	.672
The Organization is fulfilling its mandate to develop and implement human resource policy	.514
The organization is Committed to develop and assist the employee by providing training and development programmes.	.677
The organization has the capacity to discharge its HR policy effectively and provides Job satisfaction to employee at managerial level.	.612
There is a good communication from employees to manager in the company.	.451
I receive the right amount of recognition for my work.	.533
The amount of work expected to me is reasonable.	.677
The morale of employee is high in my department	.753
Overall, how satisfied are you working for the company	.653



## **Recruitment Survey Questionnaire**

**Dear Respondent,**

I am pursuing Ph.D. in the Department of Commerce, AMU Aligarh and I am conducting an academic research on "A Study of Recruitment Practices in public Sector undertaking –A case study of BHEL (Haridwar)". I very humbly request you to spend your precious five minutes in filling the questionnaire on Recruitment. Your contribution in this regards will be highly appreciated and will be acknowledged at the time of submission of thesis.

### **PERSONAL DETAILS:**

**1. Name of the Organization:**

- 1) BHEL ( )                      2) NTPC ( )

**2. Designation:**

- 1) Skilled ( )  
2) Unskilled ( )  
3) Officers ( )  
4) Supervisors ( )

**4. Gender:** 1) Male ( )                      2) Female ( )

**5. Age:** 1) 20-30 years ( )                      2) 31-40 years ( )                      3) 41-50 years ( )

**6. Experience:**

1. 0 to 5 Years ( )  
2. 6 to 10 Years ( )  
3. 11 to 15 Years ( )  
4. 16 to 20 Years ( )  
5. 21 to 25 Years ( )  
6. 25 years & above ( )

**7. Educational Qualification:**

- 1) Graduate ( )                      3) others, please specify .....
- 2) Post graduate ( )

**Note:** There is no right or wrong answer, all I am interested in knowing is your opinion on a “5 point Scale”. Where,

*5 = Strongly Disagree*

*4 = Disagree,*

*3 = Neutral*

*2 = Agree,*

*1 = Strongly Agree.*

Please indicate the extent to which you agree or disagree with the following statement by placing a (√) in the block which most accurately reflects your opinion:

	Questions	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
<b>Role of the human resource department</b>						
1.	The human resource department has a significant influence on the recruitment process in your department.	1	2	3	4	5
2	The human resource department plays a vital role in recruitment and selection.	1	2	3	4	5
3	The human resource department has enough capacity to discharge its functions effectively.	1	2	3	4	5
<b>Recruitment policies</b>						
4	The human resource department has clear internal policies and procedures on recruitment and selection.	1	2	3	4	5
5	The department adheres to these policies and procedures.	1	2	3	4	5
6	The recruitment process is monitored to ensure fairness and transparency.	1	2	3	4	5
7	There is proper planning for the recruitment process.	1	2	3	4	5
8	Proper consideration is given to skills, competencies and traits before a post is advertised.	1	2	3	4	5

<b>Selection</b>						
9	A formal academic qualification is considered when selecting candidates.	1	2	3	4	5
10	Experience takes precedence over qualifications when selecting candidates.	1	2	3	4	5
11	The curriculum vitae, references and qualifications are checked thoroughly before appointing a candidate.	1	2	3	4	5
12	Candidates are selected on the basis of their competency and qualification.	1	2	3	4	5
13	The selection panel would recommend the appointment of candidates who have better skills and qualifications than them.	1	2	3	4	5
<b>Advertising</b>						
14	Advertisements for posts/jobs should specify the inherent requirements of the job, the job title and the core functions.	1	2	3	4	5
15	Advertisements for vacancies should cater for employment equity.	1	2	3	4	5
16	The relevant manager with the assistance of the human resource officer drafts the advertisement.	1	2	3	4	5
<b>Short listing</b>						
17	The relevant manager shortlists applicants for interview.	1	2	3	4	5
18	Recommendations by the selection panel are considered by the next higher level in the institution.	1	2	3	4	5
19	Qualifications are verified by the human resource department.	1	2	3	4	5
20	Reference checks are done on all candidates.	1	2	3	4	5
21	The selection process is done in a fair and acceptable manner.	1	2	3	4	5
22	Employment equity is considered when short listing candidates.	1	2	3	4	5
23	Shortlisted candidates are requested to produce original certificates during interviews.	1	2	3	4	5

24	The current recruitment process in department focuses more on internal recruitment.	1	2	3	4	5
25	The current recruitment process in department focuses more on external recruitment.	1	2	3	4	5
26	The recruitment Practice includes the Organisational commitment to its status as an equal opportunity for employer.	1	2	3	4	5
27	The policy state or includes the disciplinary dismissal and grievances procedure.	1	2	3	4	5
28	The Organization is fulfilling its mandate to develop and implement human resource policy.	1	2	3	4	5
<b>Job satisfaction</b>						
29	The organization is Committed to develop and assist the employee by providing training and development programmes.	1	2	3	4	5
30	The organization has the capacity to discharge its HR policy effectively and provides Job satisfaction to employee at managerial level.	1	2	3	4	5
31	There is a good communication from employees to manager in the company.	1	2	3	4	5
32	I receive the right amount of recognition for my work.	1	2	3	4	5
33	The amount of work expected to me is reasonable.	1	2	3	4	5
34	The morale of employee is high in my department	1	2	3	4	5
35	Overall, how satisfied are you working for the company	1	2	3	4	5

***Thank You***

.....